KARNATAKA GOVERNMENT SECRETARIAT

Notes/Correspondence/Collection

Department: F.D. **Section**: CT

Subject :— K.A.I.T. 1957, Judgement of H.C. in C.R.P. 617, 618, and 619/65. Implications of Judgement amendment of Sec. 7

Subject: M.A.I.T. Act 1957 Implications of Judgement in C.R.P. 617, 618 & 619/65

File No. FD 43 CAX

WD 01050—GPB—8,00,000 13-12-6

The C.C.T has stated that the High Court has held while disposing the W.P of Sri. T.A.C. Shanthamallegowda that the disallowed expenditure is deductible under section 5(5) of Mysore Agril. Income Tax Act, 1957 in respect of previous years

The Agril. Income Tax officers cannot compute the income on accrual basis because the Coffee growers have adopted a regular method of accounting called cash basis, therefore, the coffee growers are precluded from invoking the provision of the proviso to section 7 of the M.A.I.T. Act 1957. At present, the Agril Income Tax Officer cannot compute the income on point to valuation basis unless section 7 is amended suitably. The C.C.T, therefore request to sanction for amendment of section 7 of M.A.I.T Act 1957. and stated that the F.D. may be requested to examine the possibilities

ject: M.A.I.T Act 1957 File No. FD 42 CAX 65
Implication of Judgement FD 43 CAX 66
Cases 617, 618 & 619/65

amending section 7 with retrospect
ect to Justify the Levels of the
Defalcation.

The file may be referred to
with a request to examine the
Facilities of amending section

As suggested by the C.C.I. he
may be requested to examine
the possibility of amending
the section 7 of M.A.I. Act
in the interest of State Rev.

DS (B) 18/V

Maybe referred to Spl Secy
Some Reverse for advice
so that if amendment is feasi
it can be taken up when
the Consolidated amendment bill

WD 01050—GPB—8,00,000 13-12-65

The High Court decision deals specifically with the deductions towards admissible expenditure. Except for stating that the income relating to the compounded period should be excluded, the decision does not discuss the manner of computing income The cases which went upto the High Court relate to the transitional period when the income relating to compounded years was more. Now that the new Act has been in force for nearly nine years, there may not be any more instances where the assessee claims a loss even though substantial income is received. It would facilitate examination of the issues involved if the C.A.I.T. can give an idea of the number of cases in which relief may have to be given on the basis of the judgment of the High Court and the loss of revenue involved.

Additional information would be needed even to decide whether substantial revenue would accrue if it is made obligatory to compute income from coffee on the points basis. If the Act is amended, the question of treatment of payments received in respect of crops of previous years, for which assessment had been concluded on cash basis would again present complications and suitable transitory provisions would have to be incorporated. C.A.I.T. may be requested to study some typical cases where assessments have been concluded on cash basis for full years (i.e., years in which no part of the receipts related to compounded period) and work out the additional revenue which would have accrued by assessments on 'points' basis. Normally, there should not be any significant difference between 'points' system and cash system, after the expiry of the --

Subject: Mysore Agricultural Income Tax Act, 1957 - Implication of judgment in cases 617, 618 & 619/65

File No. FD 43 CAX 66

transition period.

K Bala Subramanyam 23/11/66

(K.BALSUBRAMANYAM)
COMMISSIONER & SPECIAL SECRETARY
STATE REVENUES & CIVIL SUPPLIES

SECRETARY, FINANCE I

DJS(B)

Draft Early

25/11

26/11

Draft letter to the C.C.T. is put up for approval at page 3c/F.

28/11

A typed draft letter to the C.C.T. is put up for approval.

Subject: MAINTENANCE- File No.
Application for enforcement in ED Case 3CAR 66
case 617, 618 & 619/65-

WD 01050—GPB—8,00,000 13-12-65

Reminder is for hearing

14/4
24/4

Done
12
21/5

3/5

May be over

8/5

12
4/5

Receipt No. 1890 at page 8 of F

Further report may be awaited in the matter.

12
24/5

Reminder is for hearing.

24/6.

Done
12
26/6

26/6

May be over

12
26/6

Placed in C.E.T.

25/7/67

Reminder is for hearing

9/6

Done
12
26/9

Placed 26/9

Subject: M.A.E.T. Act '57 File No.
Assessment of H.C. in FD 43 CA X 66
the case of Shanthamallegowda & 2 others vs Sta

may lie over

27/7

27/7

Receipt No. 3503 at page 9 is

further report in

the matter may be awaited.

9/8/67

9/8

9/8

Receipt No. 3920 at page 10 c/f

The C.C.T's report on para

6 and 7 r/t in this dept. letter

at page 6 c/f has been called for

The C.C.T. while furnishing his

report has stated that there is a small number of

cases which effect on the Sales' Revenue

the concluded assessments however need

not be disturbed and the

amendment may be given prospective

effect. Proposal at page 1 c/f has

nothing to do with the dividends

of the compounded season which are

being eliminated while computing

income as per the order. Therefore

Subject: M.A.I.T. Act 57 – Judgement of H.C. in the case of Shanthamallegowda & others. File No. FD 45 CTA 66

WD 01050—GPB—8,00,000 13-12-65

matter may be got examined in L.Dept.

The remarks of C.C.T. approved submitted for orders

MS

The C.C.T. who was requested to work out some typical cases where assessments have been concluded on cash basis for full years(years in which no part of the receipts related to compounded period)and to show the additional revenue which would have accrued by assessments on 'points' basis has reported that no doubt the number of cases which went up to High Court level is small but those cases have crippling effect on the State's revenue as could be seen from the typical cases worked out by the Agrl.Income Tax Officer,Chickmagalur. A list of nine cases may be seen at pages 12 to 20 c.f. In those cases computation has been done both under cash system and point valuation basis ("mercantile system".) As could be seen from both the systems that the tax payable in those cases under the former system (cash system) works out to Rs. 97,930-95 while under the mercantile system the tax works out to Rs. ~~20,881-18.~~ 2,08,082-13 Therefore, nearly 50% more than of the revenue is lost in this way. The condluded assessments, however need not be disturbed and amendments may be given prospective effect. The C.C.T has further stated that this proposal has nothing to do with the dividends of the compounded season which are being eliminated while computing income as per orders of Hi h Court.

In the circumstances explained by theC.C.T. if it is considered that Section 7 may be amended with a

Subject: MAIT Act 57.- Judgement of H.C. in File No. F17 43 CA X 6
the case of Shankar Mallegowda and others Vs.

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view to prevent the loss of revenue under the existing system of accounting, then the question may be taken up along with consolidated amendment Bill. Law Dept. may however send advice whether the amendment of Section 7 of the M.A.I. is feasible.

L.O. may be requisitioned for note on the point raised above by Appn.

23/9

23/9/67
SYED GULAM KHAN
Under Secy. F.D. (Com

DS(CS)

75) 25/9/67

27/9.
M. VEERARAJU IAS,
Finance Secretary

The Com. Dept is requested to kindly mak available a draft of the proposed amendm

FA

No copies of the draft amendment to M.A.I.T. Act 1957 is available. The file leadi to the amendment is being worked up in th Drafting Section of the Law Dept. If there be no objection the L.D. is requested to ge copy of the draft amendment from the above sai section of that Dept.

7/12/67

F.No.43(8)x66

Subject: M-B-I-T. Act - Judgement of Supreme Court in the case of the Shamsherwalla Investment and others vs State. File No.

WD 01050—GPB—8,00,000 13-12-65

Treasury to send the draft amendment to Sec 7 of the M.B.I.T Act as appd. Sub-para 26 N°

for 7/12 29) The C.C.T may be requested as above.

DS(B)

SYED GULAM KHAJA
Under Secy. F. D. (Comml. Tax)

8/12/67

Draft letter is submitted for approval (

11/12

12

11/12

Sen.

12/12/67

14/12

Subject: In the case of Sri. Shantha Mallegowda c

File No. FD-43-CAX-66

Receipt no. 4822/68

The letter at page 22 c/s is for perusal. Further report in the matt will be awaited.

16/9/68

Receipt no. 6259 at p. 23 c/c

The C.C.T Kar. sent proposal for amendment of the MET Act 57 including amendment of section 7 of the Act. The draft Bill together with the Statement of Objects and reasons an clause by clause comments may be sen to LD. for taking them into consideration to amend the Act early.

In the circumstances explain by the ecr, the draft amendmen proposed by him may be conside

Reg. para 26/N. 2.

16/9

16/9/68

SYED CUMAR MUSTAFA
Under Secy. F. D. (Comm. Tx

DS(B)

Subject: M.A.I.T. Act 1957 - File No. FD 43 CA x 66
Judgement of the H.C. in the
case of Sri. Sharma Mallegowda & Others

In preparation of law it is necessary
to reclassify the lands. Certain amendments
have also become necessary for effective administration
the Act. Govt. agrees this will be got
done.

Subject: The Mysore Agricultural Income-Tax Act- amendment.

File No. 167/Law X/68 Jc

WD 01050—G9B—8,00,000 13-12-65

As desired by F.D. in their U.O. Note No. 4791 CT 68 dated 19.10.68, this file may be returned to F.D.

23/10 F.D.)

23/10/68

L.D. is requested to incorporate the amendment to Section 43A as proposed by C.C.T. This is similar to Section 14 of A.S.T. Act 1957.

L.D. 46

DEPT. OF LAW & PARLIAMENTARY AFFAIRS.

A revised draft of the Mysore Agricultural Income Tax (Amendment) Bill, 1968 has been prepared and is placed in the file.

Apart from the formal changes made to the clauses suggested by F.D. the reasons for the more important changes are indicated below:

Clause 4.- Since the new class of Assistant Agricultural Income Tax Officers have no separate statutory functions under the Act it may be necessary to empower the Commissioner to specify the classes of cases in which the Assistant Agricultural Income Tax

Officers should exercise powers of the Agricultural Income Tax Officers. The new sub-section ~~(2)(h)~~ has therefore been inserted

Clause 7.- Orders by Deputy Commissioner in pursuance of the revisional powers proposed to be conferred under the new section 32A may have to be subject to appeal to the Appellate Tribunal. Sub-section (1) of section 34 is, therefore proposed, to be amended by this Clause.

crops. But this object will not be achieved by substitution of new sub-section as proposed. Since ~~the~~ reference is being made to perennial crops like arecanut, coconut and annual or seasonal crops without mentioning ~~of~~ the perennial crops and also the different annual and seasonal crops. Unless it is possible to specify clearly the nature of the process of the growth of crop from which the income is derived in respect of the different crops it may not be possible to have a clear idea about the scope of sub-section (3). The nature of the provisions to be made has therefore to be reconsidered by F.D. In the revised draft an explanation has been proposed to be added, ~~but~~ that in the case of grape the crop shall be deemed to have been grown every time there is harvest of such crop.

assessment or the tax. The main object of the composition scheme may be defeated if provision is made for cancellation of the permission granted for composition on the ground ~~of~~ that the lumpsum payment paid ~~therein~~ is not as much as the tax payable if regular accounts are maintained and the returns submitted. The scheme of composition under which ~~where~~ the amount payable is determined on the basis of the extent of land under a particular crop cannot be construed as being prejudicial to the interest of ~~the~~ revenue. As the agriculturist merely asks for permission for composition on the basis of the extent of land cultivated by him, the permission granted ~~may~~ be made liable to cancellation only on the ground that the permission granted is itself erroneous and not on the ground that the permission is prejudicial to the interest of revenue. In this view the new sub-section (7) has been proposed to be inserted in section 67 by clause 12. F.D. may consider whether this would meet ~~their~~ their requirements.

much of use since compositions under section 67 must have been effected for the last ten years on the basis of existing law. F.D. may consider whether there is need for insertion of a proviso at the end of the existing Part II of the Schedule of the Act.

Clause 15 (clause 13 of C.C.T's draft):-

In the C.C.T's draft. reference has been made to clauses 7, 11 and 12. These clauses correspond to clauses 8, 13 and 14 in their revised draft. Presumabl the provision relating to validation in this clause has been proposed by the C.C.T. as ~~supplementary~~ complementary to th provisions proposed by him to make certain retrospecti amendments. The only retrospective amendment included in the revised draft is in clause 8 which corresponds to clause 7 of the C.C.T's draft. Strictly speaking w that a retrospective amendment is made there is no nee to make separate provision for validation. The validation clause is inserted when the amendment made

L.D's Opinions from paras 45 to 54 w/F. on the reasons for more important changes indicated on the Amendment Bill

24/12/68

DS(B) SYED CHAMKHANI
Under Secy. L.D. (Legislation)

It will not be possible to bring this Amendment in the coming Session. In any case we have to take an early decision. E-C-T. May have to — Comments of L.D. in previous pages are

54) Forwarded to the Controller of Commercial taxes for favour of remarks.

File No.

01050—GPB—8,00,000 13-12-65

No.AIT-2888/65-66 Dated: 28th Jany.19(

The U.O. file bearing No.FD 43 CAX 66 is re-transmitted with the following remarks:-

1. The changes made in the Draft Bill by the Law Department with reasons attendent thereto, in most cases are acceptable.

2. But under clause 12 of the Bill, the Law Department has added a new sub-clause making necessary provision to enable the Agricultural Income-Tax Officer to cancel his own order of composition with prior approval of the Deputy Commissioner of Agrl.Income-Tax. But in practice, it is seen that obtaining prior approval is cumber- some and at the same time it may defeat the purpos through unnecessary correspondence and the resulta time lag. Therefore, this sub-clause needs some modification.

3. With regard to levy and collection of super-tax a proposal has been made to Government with a request that section 53-C may be amended suitably so as to deny claims which arise by virtu of provisions under sections 13 (earned income relief) and 12 (Rebate on payment to Life Insuranc Policy and donations) while determining super tax. In the absence of this, a second claim in respect of super tax has to be admitted. Therefore an amendment to be effective from 1-4-62, may be

included in this very Bill. This has reference to M.O. file No.FD 31 CAX 67.

(D.J. Balaraj)
Commissioner of Agrl.Income-Tax

28.1.69

The file regarding allowing rebate on insurance premia in respect of Superannuation is placed herewith. A suitable clause may be included to clarify the position regarding para 54 when C.C.T. has stated is correct. This clause may be modified.

Dy Secy
L.D.
(L. Ramasamy)

Necessary modifications have been made in the draft Bill.

F.D. may kindly annex a draft statement of objects and Reasons and Notes on clauses, move to the Bill and send the file to L.D. for placing the Bill before the Scrutinising Committee.

Budget Officer
Finance Dept

6/3/69.

[illegible]
Draftsman (Tax) Office
for Secretary to Government

FD 43 CAX 66

Subject: M.A.T. Act 1969 - implicati... **File No.**
of judgment in CRP 617, 618 and 619/65

Amendment of

WD 01050—GPB—8,00,000 13-12-65

U.O No FD 43 CAX 66 Dated 12.3.1969

CONFIDENTIAL

Forwarded to the Commissioner of Commercial Taxes in Mysore, Bangalore, unofficially for favour of sending immediately the draft statement of objects and reasons and notes on clauses to the Bill as modified ~~by the Law Department. The matter was~~ by the Law Department. The matter has been discussed with the C.C by the Budget Officer and Ex-officio Deputy Secretary to Govt., (Budget).

OFFICE OF THE COMMISSIONER OF COMMERCIAL TAXES IN MYSORE.
32060
29.3.69
BANGALORE

S. Gulam Khaja
(Syed Gulam Khaja), 12/3
Under Secretary to Governm
Finance Department,
12
1713

To
The Commissioner of Commercial Taxes in Mysore, Bangalore-1.

No.AIT-2888/65-66 Dated: 15th April 1969

The U.O.file bearing No.FD 43 CAX 66 is retransmitted.

As desired a draft statement of objects and reasons together with notes on clauses is enclosed

M.Veeraraj Urs
(M.Veeraraj Urs)
mmissioner of Commercial

67) The Comm. of Comm. Taxes has forwarded draft Statement of objects and reasons together with notes on clauses (Flag 'Q') Now, the file may be sent to L.D with a request to place the Bill before the scrutinising Committee. (ref. para 64 n/f)

:t Secy. F.D. Dt. 18/4
:f832

17/4

68) L.D. may be requested to take further action.

12/17/4

J.S (A)

L.D.

69) As per instructions of J.S. please keep this file in readiness for the present.

3/12/69.

Receipt no. 2135 at p. 65 C/F

~~The views of this dept.~~ Statement containing the views of this dept. have been sent to the Secy. Taxation & Resources Engineering Committee separately. Please keep this file in Sec

WD 01050—GPB—8,00,000 13-12-65

This file was linked up with file no. FD 12(A) 71 relating to amendment of CAIT Rules which has been put up to FM separately for approval of draft amendments.

The statement referred to — [illegible] — has been procured in file no. FD 44(A) 69 (placed below). The said file has been received back from the Committee which has now submitted its report. The representations of the CAIT, have been called for in file no. FD 21(A)72 and necessary amendments will be considered in the light of his views. No separate action is called for in this file which may

No.AIT/A2091/65-66.

Office of the Commissioner of Commercial Taxes in Mysore, Bangalore-1.Dt.2nd November 1966.

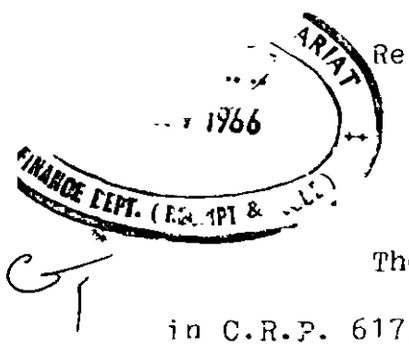
To

The Secretary to Government,
Finance Department, Bangalore.

Sir

Subject: Mysore Agrl.Income Tax Act 1957 - Judgement of High Court in the case of Sri A.C.Shantnamallegowda and 2 others -Vs.- State - implications of judgement. - Regarding.

Ref: This office letter No.AIT/2091/65-66 dated 20-9-1966.



The Honourable High Court in its judgement in C.R.P. 617, 618 and 619/65 has held that since it is undisputed that in each of the cases, during the relevant year of accounting the method of accounting regularly employed by the assessee is the cash basis method, full expenditure incurred is deductible under section 5(k).

It is a well known fact that coffee growers do not receive the full value of coffee consigned to the Board in the same season it was grown. The payments spread over several years. This system of deferred payments is utilised by the Coffee planters to their best advantage.

Good coffee crop is usually expected once in 3 years. The two years in between the bumper crops are lean years where the returns will be hardly enough to meet the cost.

Whenever bumper crops are received, the plant fail to go to their curers to receive bigger sums and i

if at all they turn up, they receive ~~ex~~ the payment only after the close of the relevant crop year. The payments received are accounted against the crop of lean season during which the expenditure will be normal as usual. Thus they manipulate to see that at no time the receipts exceed the expenditure and 'artifical loss' will continue year after year.

In the case of Coffee growers, the Agricultural Income Tax Officers cannot compute the income on accrual basis (mercantile system of accounting) because they have adopted a regular method of accounting called 'cash basis' In view of this, they are precluded from invoking the provisions of the proviso to Section 7 of the Mysore Agricultural Income Tax Act 1957. As the law stands at present, we cannot compute the income on point valuation basis unless section 7 is amended suitably. If the section is not amended, we have to loose revenue every year and forego our demands of the subsequent years also by declaring 'notional losses' for being set off against future profits. For purposes of comparision it may be mentioned that in Coorg Office, Coffee Income is determined on point valuation basis only.

Sir,

Sub: M. A. I. T. Acts,
Judgement of High
Court in the case of
Sri. A. C. Shanthamalleg
& 120thers vs
State — Implica. tion
of Judgement

Ref: your letter No. AIT/A
2051/65-66 dt. 2-11-6

With reference to
your letter cited above
I am directed to state th
the H. C. decision does not
discuss the manner of comput
income and only those case
went upto the H. C. relating to
transitional period when the
income relating to compounde
years was more. Since
the Act of 1957 came into for
there may be hardly instan
where the assessee claims a
loss even though substantial
income is received, therefore
it is necessary to decide whethe
substantial revenue would
accrue if it made obligatory

to compute income from coffee & on the points basis. If the Act is amended, the question of treatment of payments received in respect of crops of previous years, for which assessment had been concluded on cash basis would again present complications and suitable transitory provisions would have to be incorporated.

So I request you kindly some typical cases where assessments have been concluded on cash basis for full years (i.e years in which no part of the receipts relates to compounded period) and worked out the additional revenue which would have accrued by assessments on 'points' basis. after the expiry of the transition period.

To

The C.C.T. in Mysore,

Bangalore,

Sir,

Sub:- As in page 1 c.f. -

With reference to your letter No.AIT/A/2091/65-66 dated 2-11-1966 on the subject mentioned above, I am directed to state that the decision of the High Court deals wi specifically with the deductions towards admissible expenditure. Except for stating that the income relating to the compounded period should be excluded, the decision does not discuss the manner of computing income. The cases which went up to the High Court relate to the transitional period when the income relating to compounded years was more. Now that the new Act has been in force for nearly nine years, there may not be any more instances where the assessee claims a loss even though the substantial income is received. It would facilitate examination of the issues involved if an idea of the number of cases in which relief may have to be given on the basis of the judgment of the High Court and the loss of revenue involved, is given byyou.

Additional information would be needed even to decide whether substantial revenue would accrue if it is made obligatory to compute income from coffee on the points basis. If the Act is amended, the question of treatment of payments received in respect of crops of previous years, for which assessment had been concluded on cash basis would again present complications and suitable transitory provisions would have to be incorporated.

I am therefore to request that some typical cases where assessments have been concluded on cash basis for full years(i.e., years in which no part of the receipts related to compounded period) may please be studied and the additional revenue which would have accrued by assessments on 'points' basis worked out and your report in this behalf sent to Government early.

Yours faithfully,

GOVERNMENT OF MYSORE

MYSORE GOVERNMENT SECRETARIAT
VIDHANA SOUDHA,

FROM

Dated, Bangalore 2nd Decr. 1966

The *Secretary to the Government of Mysore,*
Finance Department.
To

The Commissioner of Commercial
Taxes in Mysore, Bangalore.

Sir,

Sub:- Mysore Agricultural Income Tax Act, 1957 -
judgment of High Court in the case of Sri
A.C.Shanthamallegowda and 2 others -vs- State
implications of judgment - Regarding.

***

With reference to your letter No.AIT/A/2091/65-66, dated 2-11-196 on the subject mentioned above, I am directed to state that the decision of the High Court deals specifically with the deductions towards admissib expenditure. Except for stating that the income relating to the compound period should be excluded, the decision does not discuss the manner of c puting income. The cases which went up to the High Court relate to the transitional period when the income relating to compounded years was mor Now that the new Act has been in force for nearly nine years, there may be any more instances where the assessee claims a less even though the s stantial income is received. It would facilitate examination of the issu involved if an idea of the number of cases in which relief may have to b given on the basis of the judgment of the High Court and the loss of rev involved, is given by you.

Additional information would be needed even to decide whether sub stantial revenue would accrue if it is made obligatory to compute income from coffee on the points basis. If the Act is amended, the question of treatment of payments received in respect of crops of previous years for which assessment had been concluded on cash basis would again prese complications and suitable transitory provisions would have to be incorp rated.

I am therefore to request that some typical cases where assessmen have been concluded on cash basis for full years (i.e., years in which n part of the receipts related to compounded to period) may please be stud and the additional revenue which would have accrued by assessments on 'points' basis worked out and your report in this behalf sent to Govern- ment early.

IMMEDIATE
REMINDER.

NO: FD 43 CAX66/~~67~~

Mysore Government Secretariat,
Vidhanasoudha,
Dated, Bangalore the 14th Dec - 1967.

From
The Secretary to Government,
Finance Department,

To
The Commissioner of Commercial
Taxes in Mysore, Bangalore.

Sir,

Sub:- M.A.T.T. Act 57 - Judgement of H.C. in the case of A.C. Shanthamallegowda and others vs State Implic. of Judgement

Ref - Correspondence resting with this/~~your~~ Dept.'s ~~D.O.~~ letter No. FD 43 CAX66 dated 3-12-1966

-oOo-

I am directed to invite a reference to the above and to request you to expedite the ~~matter / Reply~~ / report / ~~remarks,~~ called for therein, urgently.

Yours faithfully,

~~Section Officer,~~
Finance Department, (C.T. Section).

No. AIT.3570/66-67.

Office of the Commissioner of
Commercial Taxes in Mysore,
Bangalore-1 Dt: 17th May,1967

To

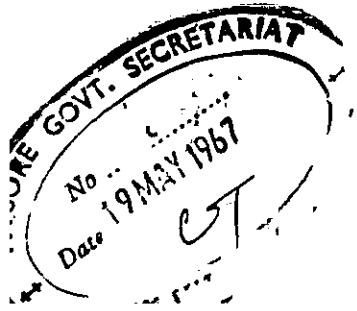
The Secretary to Government,
Finance Department, Bangalore.

Sir,

Sub: Mysore Agricultural Income Tax Act, 1957 - Judgment of High Court in the case of Sri. A. C. Shanthamallegowda and others -vs- State.

Ref: Your letter No. FD 43 CAX 66 dated 3.5.1967.

With reference to the above, I write to state that the report called for from the Agricultural Income Tax Officers have not yet been received. Soon after receipt of reports from them, final report will be sent.



Yours faithfully,

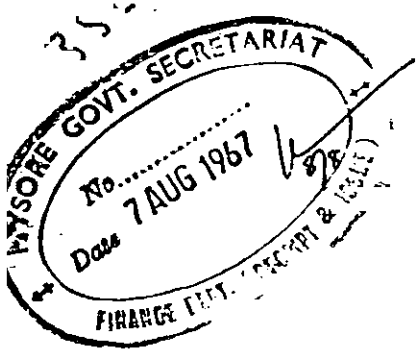
(Smt. A.K.Bengeri)
for Commissioner of Commercial Taxes.

9

Office of the Commissioner of
Commercial Taxes in Mysore,
Bangalore-1 Dt: 4th Aug.1967.

The Secretary to Government,
Finance Department, Bangalore.

Sir,



Sub: Mysore Agricultural Income Tax Act, 1957 - Judgement of High Court in the case of Sri. A.C. Shantha Mallegowda.

Ref: Your letter No. FD 43 CAX 66 dated 2/3-12-1966 and reminders dated 3.5.1967, 26.6.1967 and 25.7.1967.

With reference to the subject cited above, I write to state that the reports called for from the Agricultural Income Tax Officer, Chickmagalur has not yet been received, after receipt of the report from him, final report will be sent with out any delay. He is being reminded to-day separately.

Yours faithfully,

(Smt. A.K.Bengeri)
for Commissioner of Comml.
Taxes.

5.8.67

GOVERNMENT OF MYSORE.
(Department of Commercial Taxes).

No.AIT/3570/66-67

Office of the Commissioner of Commercial Taxes in Mysore, Bangalore-1, Dt:6th Septr. 1967.

To

The Secretary to Government,
Finance Department, Bangalore-1.

Sir,

Sub: Mysore Agricultural Income-Tax Act 1957 - Implications arising out of the High Court Order passed in the case of A.C. Shanthamalle Gowda and others.

Ref: Your letter No.FD 43 CAX 66 dated 2-12-1966.

====

Referring to your letter cited above, I am directed to state that as an outcome of the afore sai order of High Court the proposal to amend the Act so to prevent loss of revenue resulting through artifici losses was sent. This proposal was directed against meekful submission to the viles and tricks adopted by the assessees. The method adopted by them has been described in detail in our letter No.AIT.A/2901/65-66 No doubt, the number of cases which went up to High Court level, is small but those cases have a cripplin effect on the States' Revenue as could be seen from the typical cases worked up by the Agricultural Incom Tax Officer, Chickmagalur. A list of nine cases wher computation has been done both under 'cash system' point valuation basis (mercantile system) reveals tax payable in those cases under the former syste out to Rs.97,930-95 while under the mercantile sy

the tax works out to Rs.(2,08,81-18.) Extracts of cases worked up by him are enclosed for perusal. Therefore nearly 50% of revenue is lost in this way. The concluded assessments, however, need not be disturbed and the amendment may be given prospective effect. Further I may add that this proposal has nothing to do with the devidends of the compounded season which are being eleminated while computing income as per orders of High Court. The matter may therefore he got examined by the Law Department and action taken to prevent the legal evasion.

EXAMPLES OF ASSESSMENTS WORKED OUT ON 'CASH BASIS' IN G.I.R. NO.R6/1964-65 (YEAR ENDED 31-3-1964) OF THE OFFICE OF THE AGRICULTURAL INCOME TAX OFFICER, CHICKMAGALUR DISTRICT.

Receipts: Coffee-Gross income computed below:

1. 1958-59 season crop dividends.	Rs.	263-00
2. 1961-62 season crop. -do-	Rs.	5,793-00
3. 1962-63 season crop -do-	Rs.	36,286-00
4. 1963-64 season Advances.	Rs.	16,828-00
Total:	Rs.	59,170-00
5. By Sale of oranges.	Rs.	2,500-00
Total Gross income.	Rs.	61,670-00
Less admissible expenditure determined.	Rs.	34,038-00
Balance income.	Rs.	27,632-00
Less Depreciation allowance.	Rs.	1,472-00
Net income.	Rs.	26,160-00
Less Earned Agrl. Income restricted to	Rs.	2,000-00
Net taxable income.	Rs.	24,160-00
Tax on the above	Rs.	2,079-00

1. 1959-60 Bonus payments.	
2. 1960-61 Bonus payments.	Rs. 479-00
3. 1962-63 season final payments.	Rs. 3,695-00
4. 1963-64 season Balance of dividends.	Rs. 38,459-00
5. 1964-65 season Advance.	Rs. 36,212-00
Total:	Rs. 79,864-00
6. Add Orange Sales.	Rs. 3,000-00
Total Gross income.	Rs. 82,864-00
Less admissible expenditure determined.	Rs. 47,573-00
Balance income.	Rs. 35,291-00
Less Depreciation allowan	Rs. 1,254-00
Net income.	Rs. 34,037-00
Less Earned Agrl. Income/restricted to Relief	Rs. 2,000-00
Net taxable income.	Rs. 32,037-00
Tax on the above is	Rs. 3,471-66
Add Super tax on the above.	Rs. 633-33
	Rs. 4,104-99

1966-67 GIR.No.6/1966-67 (YEAR ENDING 31-3-1966) 'CASH BASIS

Receipts:Coffee-Gross income computed are as follows:-

1. 1963-64, 64-65 and 65-66 season-Advance dividends.	Rs. 1,20,443-00	
2. Add By Sale of Oranges.	Rs. 3,500-00	
Total:	Rs. 1,23,943-00	
Less Admissible expenditure determined.	Rs. 55,214-00	
Balance income.	Rs. 68,729-00	
Less Depreciation allowance.	Rs. 2,681-00	
Net income.	Rs. 66,048-00	
Less Earned Agrl.Income Relief	Rs. 2,000-00	
Net taxable income.	Rs. 64,048-00	
Tax on the above.	Rs. 10,667-00	
Add Super Tax.	Rs. 3,935-76	
Total tax.	Rs. 14,602-76	

POINTS VALUATION BASIS.
(31-3-1966).

Receipts:Coffee-Total number of points awarded are 30,972-Valued at Rs.3.07 per point.	Rs. 95,084-00	
Add:Orange Sales.	Rs. 3,500-00	
Total.	Rs. 98,584-00	
Less admissible expenditure.	Rs. 55,214-00	
Balance income.	Rs. 43,370-00	
Less Depreciation allowance.	Rs. 2,681-00	
Net income.	. 40,689-00	
Less Earned Agrl.income relief restricted to	. 2,000-00	
Net taxable income.	Rs. 38,689-00	
Tax on the above is	Rs. 4,779-69	
Add Super Tax.	Rs. 1,232-01	
Total.	Rs. 6,011-70	

Sd/-
Agricultural Income Tax Officer,
Chikmagalur.

.....

/Copy/

For *Commissioner of Agricultural Income Tax in Mysore, Bangalore.*

XAMPLE OF ASSESSMENTS CONCLUDED UNDER 'CASH BASIS' IN G.I.R.NO.54 F 1964-65 (YEAR ENDING 31-3-1964) OF THE OFFICE OF THE AGRICULTURAL INCOME TAX OFFICER, CHICKMAGALUR DISTRICT. CHICKMAGALUR.

Cash - Basis

Receipts:Gross income computed are:-		
1. 1961-62 season balance of income.	Rs.	7,003-00
2. 1962-63 season balance of income.	Rs.	39,914-00
3. 1963-64 season crop-Advances.	Rs.	14,910-00
4. Addl:Sales proceeds of seedling coffee seeds.	Rs.	2,279-00
Gross receipts.	Rs.	64,106-00
Less Admissible expenditure determined.	Rs.	36,807-00
Balance income.	Rs.	27,299-00
Less Depreciation allowance.	Rs.	377-00
Net income.	Rs.	26,922-00
Less Earned Agrl.Income Relief restricted to	Rs.	2,000-00
Net taxable income.	Rs.	24,922-00
Tax on the above is	Rs.	2,193-30

EXAMPLE OF ASSESSMENTS CONCLUDED UNDER 'CASH BASIS' IN GIR.NO
('YEAR ENDING 31-3-1965') OF THE OFFICE OF THE AGRICULTURAL INCOME
TAX OFFICE, CHICKMAGALUR.

Receipts: Coffee - Gross income computed as follows:-

1. 1959-60 season balance of devidend.	Rs. 1,102-00
2. 1960-61 season -do-	Rs. 551-00
3. 1961-62 season -do-	Rs. 3,628-00
4. 1962-63 season Advance.	Rs. 39,064-00
5. 1964-65 season payments.	Rs. 36,631-00
6. Add: Sale proceeds of shedding coffee seeds.	Rs. 3,108-00
Gross income.	Rs. 84,084-00
Less admissible expenditure determined.	Rs. 52,129-00
Balance income.	Rs. 31,955-00
Less Earned Agrl. Income restricted to	Rs. 2,000-00
Net taxable income.	Rs. 29,129-00
Tax on the above including Super Tax is	Rs. 3,319-93

EXAMPLE OF ASSESSMENTS CONCLUDED UNDER 'CASH BASIS' IN G.I.R.NO.54 OF 1966-67 (YEAR ENDING 31-3-1966) OF THE OFFICE OF THE AGRICULTURAL INCOME TAX OFFICER, CHICKMAGALUR DISTRICT, CHICKMAGALUR.

- - - -

XAMPLE OF ASSESSMENTS CONCLUDED UNDER 'CASH BASIS' IN G.I.R.NO.M10 F 1964-65 (YEAR ENDING 31-3-1964) OF THE OFFICE OF THE AGRICULURAL INCOME TAX OFFICER, CHICKMAGALUR DISTRICT, CHICKMAGALUR

Receipts: Total receipts from coffee di of 1961-62 season, 1962-63 season and 1963-64 season during the period from 1-4-1963 to 31-3-1964.	Rs.	2,15,732-00
Less admissible expenditure determined	Rs.	1,40,849-00
Balance income	Rs.	74,884-00
Less Depreciation allowance on capi assets.	Rs.	5,447-00
Net income.	Rs.	69,437-00
Less Earned Agrl. Income Relief restricted to	Rs.	4,000-00
Net taxable income.	Rs.	65,437-00
Tax on the above.	Rs.	11,014-25
Add Surcharge tax on the above.	Rs.	4,102-44
Total tax.	Rs.	15,116-69

1965-66 (YEAR ENDING 31-3-1965)

Receipts: Coffee-Dividends received from 1-4-1964 to 31-3-1965 of 1960-61, 62-63, 63-64 and 64-65 seasons.	Rs.	2,14,567-00
Less admissible expenditure determined.	Rs.	1,49,809-00
Balance income.	Rs.	64,758-00
Less Depreciation allowance	Rs.	4,979-00
Net incom	Rs.	59,779-0(
Less Earned Agrl. Income Relief restricted to	Rs.	4,000-0(
Net taxable income.	Rs.	55,779-0(
Tax on the above is	Rs.	8,599-7(
he above.	Rs.	2,943-4(
Total tax.	Rs.	11,543-2(

pts:Coffee-Dividends from 1-4-1965 to 31-3-1966.	Rs. 3,30,537-00
Less admissible expenditure determined.	Rs. 2,01,727-00
Balance income.	Rs. 1,28,810-00
Less Depreciation allowance.	Rs. 17,710-00
Net income.	Rs. 1,11,100-00
Less Earned Agrl.Income Relief restricted to	Rs. 4,000-00
Net taxable income.	Rs. 1,07,100-00
Tax on the above.	Rs. 22,495-00
Add Super Tax on the above.	Rs. 10,420-00
Total tax.	Rs. 32,915-00

POINTS VALUATION BASIS.
(31-3-1966).

Receipts:Coffee-1965-66 season c rop: Total number of points awarded are 1,49,062 valued at the final rate declared at 3-07 per point.	Rs.4,47,620-00
Less admissible expenditure determined.	Rs.2,01,727-00
Balance income.	Rs.2,45,893-00
Less depreciation allowance.	Rs. 17,710-00
Net income.	Rs.2,28,183-00
Less Earned Agrl.Income Relief restricted to	4,000-00
Net taxable income.	Rs.2,24,183-00
Tax on the above is	Rs. 69,328-20
Add Super tax on the above.	Rs. 24,836-60
Total tax.	Rs. 94,164-80

Sd/-
Agricultural Income Tax Officer,
Chikmagalur.

/Copy/

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71.04.9	14335-15
14602.71	6011-70
2193.30	2102-25
3319.93	19775-40
12058.05	5173-80
15116-68	18200-.52
11543-25	35354-01
32915-00	94164 28

Sir,

Sub M.A.I.T. Ac
Judgement d
in the case of Sri. Sha
Mallegowda AO

Ref: Letter No. AIT/
66-67 dtd. 6-9-(

With reference
your above cited lette
I am directed to req
you to send the draft ord
proposed
amendment to section
the MAIT Act 1957
early

Y.F
12/12/67
CS
Rec'd
12/12

No. CT.3570/66-67.

Office of the Commissioner of
Commercial Taxes in Mysore,
Bangalore-1, Dt: 26th April 1968

The Secretary to Government,
Finance Department, BANGALORE.

Sir,

35743

Sub:- Mysore Agricultural Income Tax Act 1957 . dgement of High Court in the case of Sri.Shantha Mallegowda and others.

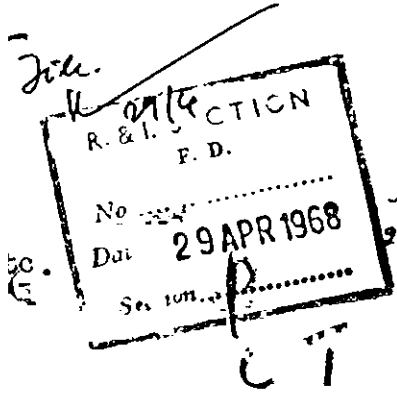
Ref:- Your No.FD 43 CAX 66 dated 3.12.1967 and reminder dated 22.3.1968.

71822/ct/68

With reference to the above, I write to state that some more proposals are under examination. A comprehensive proposal will be submitted to Government shortly.

Yours faithfully,

(Smt.A.K.Bengeri)
for Commissioner of Comml.Taxes.



No.AIT-3570/66-67.

Office of the Commissioner of Commercial Taxes in Mysore, Bangalore-1, Dt. 9th Septr. '68.

To

The Secretary to Government,
Finance Department, Bangalore-1.

Sir,

Subject: Mysore Agricultural Income-Tax Act 1957: Bill to amend the Act.

Ref: Your Department letter No.FD 43 CAX 66 dated 13-12-67.

In pursuance of Government letter cited above, a proposal seeking amendment to Section 7 of the Act is included in the draft bill enclosed herein. With it, some more proposals which are very essential are also included with a view either to remove some difficulty or to fortify the hands of the Department in carrying out the purpose of special rights on an assessee seeking redressal under cer the Act. The bill also contemplates to vest certain cir- cumstances. At present, the law provides that a person in the status of a H.U.F. or otherwise is assessable if his agricultural income exceeds 7,000/- or 3,500/- as the case may be subject to the condition that he has extents under commercial crops exceeding 50 acres of 8th class of land. The Commercial crops listed in the Act nowadays fetch such high prices in the market that a person having a few acres under them will get the necessary taxable income but for w of the requisite extent of 50 acres of 8th class of land, escapes liability. This kind of evasion is proposed to be curbed by recasting part II of the schedule keeping in vie that income bears a fair degree of relationship with the extent. For similar reasons the rates of tax payable by composition are also altered. In this connection it may however be said that no new crops are brought within the scope of the Act. The other proposals seeking amendments

to section 17,35,41 and 66 besides the other additions, are purely for removing some difficulties in administering the Act. The proposed bill is intended to have effect from 1-4-68. This is necessary to bring the legal evasions to an end from that date- Further a validation clause is added to avoid some adverse effects and to save some assessments. The bill may therefore be taken up for consideration to amend the Act early. The draft bill together with the statement of objects and reasons and clause -by - clause comments, accompanies.

Yours faithfully,

(C.R.Srinivasa Murthy)
for Commissioner of Commercial Taxes

O.C.signed by the
Commissioner

THE MYSORE AGRI-CULTURAL INCOME-TAX (AMENDMENT) BILL, 1968.

A Bill further to amend the Mysore Agricultural Income-Tax Act, 1957.

WHEREAS it is expedient further to amend the Mysore Agricultural Income-Tax Act, 1957 (Mysore Act No.22 of 1957), for the purposes hereinafter appearing;

BE it enacted by the Mysore State Legislature in the ~~Eighteenth~~ Nineteenth year of Republic of India as follows:-

1. Short title and commencement:-

(1) This Act may be called the Mysore Agricultural Income-Tax (Amendment) Act, 1968.

(2) It shall be deemed to have come into force ~~from 1-4-68~~ on the first day of April 1968.

2. Amendment of Section 2.- ~~After clause (b) of~~ In Sub-Section ~~(57)~~ (1) of Section 2 of the Mysore Agricultural Income-Tax Act, 1957 (hereinafter referred to as the principal Act) ~~the following clause shall be inserted namely:-~~ clause (dd) shall be relettered as clause (ddd), after and before the clause so relettered, the following clause shall be inserted, namely:-

"(dd) 'Assistant Agricultural Income-Tax Officer' means a person appointed to be an Assistant Agricultural Income Tax Officer under Section 17;"

3. Amendment of Section 7.- Section 7 of the principal Act shall be ~~Act be~~ numbered as sub-section (1) thereof, and ~~and after~~ in the sub-section as so numbered the second proviso ~~to the said sub-section shall be substituted by the~~ shall be omitted, and after the said sub-section shall be inserted, following sub-section namely:-

(2) after sub-section (2A) the following sub-section shall be inserted, namely:-

2B)(a) The Commissioner may, by general or special order in writing, direct that the powers conferred on the Agricultural Income Tax Officer by or under this Act shall, in respect of any specified case or classes of cases or of any specified persons or classes of persons, be exercised by the Assistant Agricultural Income-Tax Officer.

(b) Where an order under clause (a) is issued, then for the purposes of any case or person in respect of which any such order applies, reference in this Act or in any rule made thereunder to the Agricultural Income-Tax Officer shall be deemed to be reference to the Assistant Agricultural Income-Tax Officer

Notwithstanding anything contained in the ~~foregoing~~ proviso, the agricultural income from Coffee of an assessee shall be computed as follows:-

(i) if cash system of accounting is employed, all cash payments made by Coffee Curers or Coffee Board, including those declared for payment before the close of the relevant previous year but not received during that year shall be taken into account;

(ii) if mercantile system or point valuation system of accounting is employed, computation shall be made on the basis of valuation on points declared by the ~~Indian~~ Coffee Board in respect of such crop."

4. Amendment of Section 17:- In Section 17 of the principal Act, after clause (c) the following clause (i) shall be inserted, namely:-

"(d) Assistant Agricultural Income-Tax Officers."

5. Amendment of Section 32:- In ~~sub-Section (1) after the word 'Sections' and before the figure '22', the figure '21' and 'Comma' shall be inserted and after the existing proviso under clause (b) of sub-Section (5) the following~~ section 32 of the principal Act, proviso shall be added, namely:-

"PROVIDED further that in the case of an appeal against ~~the order~~ under Section 21, the appellate authority shall confine itself to satisfy whether the ~~rejection of application under Section 21~~ was correctly made or not, and pass such orders as it deems fit. ~~The orders of the appellate authority subject to provision of Section 35 and 36 in this behalf shall be final.~~"

(3) for sub-section (6), the following sub-section shall be substituted namely:-

"(6) No appeal against an order of assessment shall be entertained by the appellate authority unless it is accompanied by satisfactory proof of the payment of the tax assessed and penalty, if any, due:

PROVIDED that the authority may, if it thinks fit, for reasons to be recorded in writing, entertain an appeal against such order,

(a) without payment of tax and penalty, if any, but on furnishing security to its satisfaction in such form and in such manner as may be prescribed; or

(b) on proof of payment of such smaller sum, with or without security, in the like manner, for such amount of the tax and penalty which remains unpaid, as it may direct."

Insertion of new section 32A. ~~after Section 32.~~ of the principal Act.

After section 32, the following ~~new~~ section shall be inserted, namely:-

32A. Revisional powers of ~~the~~ Deputy Commissioner ~~of Agricultural Income-tax~~:- (1) The Deputy Commissioner ~~of Agricultural Income-Tax~~ may of his own motion call for and examine the records of any order passed or proceeding recorded under the provisions of ~~the~~ this Act by an authority subordinate to him and against which no appeal has been preferred to him under Section 32, for the purpose of satisfying himself as to the legality or propriety of such order or as to the regularity of such proceeding and pass such order with respect thereto as he thinks fit.

(2) In relation to an order of assessment passed under this Act, the power under sub-section(1)

shall be exercisable only within a period of four years from the date on which the order was passed.

(3) No order shall be passed under sub-section (1) enhancing any assessment unless an opportunity has been given to the assessee to show cause against the proposed enehancement.

8. Amendment of section 35:- For sub-section (2) of section 35 of the principal Act, the following shall be and shall always be deemed to have been substituted namely:-

"(2) The power under sub-section (1) may be exercised ~~is exercisable~~ within a period of four years from the date of the order sought to be revised.

PROVIDED that no order shall be made to revise an order of re-assessment made under section 36.

EXPLANATION:- In computing the period of limitation for the purposes of sub-section(2) any period during which any proceeding under this section is stayed by an order or injunct of any court shall be excluded.

for sub-section (3), the following sub-section shall be substituted namely:-

"(3) Where more than one crop or the same crop is grown or harvested successively on any land during any year the total extent of the ~~or the aggregate extent~~ for purposes of sub-sections (1) and (2) shall be determined as follows:-

(i) In the case of perennial crops like Areca and Coconut, the extent ~~to be accepted~~ shall be the ~~exact~~ actual Area under that crop, ~~but~~ and in the case of Grapes the ~~aggregate~~ extent of land to be adopted shall be as many times the area as there are crops or actual harvests;

In the case of annual or seasonal crops the aggregate extent of land to be adopted shall be as many times the area as there are crops or harvests but in the case of mulberry the extent of land to be adopted shall be the exact area under that crop even though there are several stem or leaf cuttings in a year.

(2) for sub-section (2) the following sub-section shall be substituted namely,-

"(2) The lump-sum payable under sub-section (1) shall be calculated at the following rates:-

Extent.	Rate.
(1) on the first ~~15~~ fifteen acres of the ~~sixth~~ class of land or an ~~extent~~ equivalent thereto	NIL
(2) on the next ~~35~~ thirty five acres of the sixth class of land or an extent equivalent thereto	Three rupees per acre.
(3) on the next fifty acres of ~~the~~ ~~5th~~ class of land or an extent equivalent thereto	Four Rupees per acre.
on the next fifty acres of the ~~6th~~ class of land or an extent equivalent thereto	Five Rupees per acre."

to a permanent tenant on a fixed cash rent, the entire extent of such land shall be ~~included in~~ deemed to be the extent of land from which such permanent tenant derives agricultural income.

"EXPLANATION: In this section, the expression "permanent tenant" shall have the same meaning as is assigned to it in the Mysore Land Reforms Act, 1961 (Mysore Act No. 10 of 1962)~~;~~ for the time being in force."

... Section 67-A, the following section ...all be and ~~is deemed to be~~ shall always be deemed to have been inserted namely:-

> 67-B. If at any time within four years of the order under Section 67, the Agricultural Income-Tax Officer comes to know that permission granted by him is erroneous in so far as it is prejudicial to interests of revenue, notwithstanding anything contained in section 67 or in any other provision in the Act, he shall after giving the assessee an opportunity of being heard cancel the permission granted and proceed to assess the income to tax as per the provisions of the ..."

1. Classification of lands:-

FIRST CLASS

Lands used for growing ~~Grapes~~, Areca, Chillies (irrigated), ~~Sugarcane~~, Plantain (irrigated), ~~Chillies (irrigated)~~, Potato (irrigated), ~~Ganja~~ or Timber.

SECOND CLASS

Lands used for growing Coconut, Garlic (irrigated), Ginger, Tobacco (Nippani or Virginia), ~~Ginger~~ or Turmeric, ~~Garlic (irrigated), Coconut~~.

THIRD CLASS

(a) Irrigated crops of Cotton, Groundnut, Mulberry.

(b) non-irrigated crops of ~~Potato~~, Chillies Garlic, Onion, Potato or Sesemum (til)

FOURTH CLASS

Lands used for growing Groundnut (non-irrigated), Mango, Tobacco ther than Nippani and Virginia), ~~Groundnut on irrigate~~

Thirty acres of ~~5~~fifth class of land - 15 acres of ~~4~~fourth class of land - 10 acres of ~~3~~third class of land = ~~4~~ acres of ~~3rd~~ class of land = 2 acres of ~~2nd~~second class of land - One acre of first class of land

PROVIDED that where plants or trees of Plantain, Areca, Castor Coconut, ~~Castor~~ or Mango are scattered or are grown along the bunds or borders of land, the area under such plants or trees shall be computed as under:-

(i) the area under 40 Coconut trees ~~be~~ shall be deemed equal ~~equated~~ to one acre;

(ii) the area under 400 areca trees or 400 Castor plants, ~~be equated~~ shall be deemed to be equal to one acre;

(iii) the area under 20 Mango trees ~~be~~ shall be deemed to be equated to one acre

(iv) the area under 600 Plantain trees ~~be~~ shall be deemed to be equated to one acre

~~The above proviso shall be deemed to have been inserted with effect from 1-4-57.~~

15. ~~13~~. VALIDATION: Any-thing done or any action taken or purported to be done or taken (including any notices or orders issued or assessments, payment or recoverries made and all proceedings ~~held~~ taken) for the levy and collection of Agricultural Income-Tax under the principal Act before the commencement of this ~~section~~ Act, shall, notwithstanding any judgment, decree or order of any court, Tribunal or other authority, be deemed to have been validily done or taken

~~taken issued made or held~~ by or under the provi
sions of the principal Act as amended by sectio
8, ~~12 and 14~~ of this Act and accordingly no sui
or other legal proceeding shall be entertained
or continued in any court or other authority
on the ground that any such thing was done or
action taken under or in pursuance of provisio
which~~or~~ were not in force at that time.

Commissioner of Agricultural Income Tax
Mysore, Bangalore.

STATEMENT OF REASONS AND OBJECTS OF THE DRAFT BILL seeking amendments to Mysore Agricultural Income-Tax Act, 1957.

The main purpose of the bill is to serve the objectivity of establishing a degree of relationship between agricultural income and the extent from which the income was derived. The existing law provides for the levy of tax on income only if the extent in terms of 8th class of land exceeds 50 acres The present day market prices of agricultural produce are so high that it renders a man liable to tax if only a few acres are cultivated. Thus it may be seen that a man who derives sufficient income escapes tax on the plea that he did not cultivate 50 acres of 8th class of land. The extent of 50 acres had been prescribed about a decade ago when the prices were much lower. This anachronism has to be remedied by recasting part II of the schedule appended to the Act. This object is proposed to be achieved by amending the law as proposed under clause ~~12~~ 14 of the bill.

Clause 1 of the bill seeks to make the amendments to come into force from 1-4-68 so as to bring evasions of the above type to an end from that day.

Clause 2 deals with the introduction of a new set of officers namely Assistant Agricultural Income-Tax Officers. In some circles large income

cases are few. In such cases, a lower rank officer can manage with advantage. Appointment of officers of the Assistant Agricultural Income-Tax Officer is not provided in the Act and hence the proposal.

Coffee is usually a bi-annual crop. A good crop always follows a lean crop. Big coffee growers who maintain cash system of accounting are prone to admit loss returns against good crops and slender profits against lean crop based on the method of accounts employed by them. This is possible if cash payments are received during lean coffee seasons. Thus tax at higher slabs escapes. This is proposed to be remedied by amending section 7 as contemplated under clause 3 of the bill.

In the initial part of clause 5, it is proposed to amend section 32 so as to provide appeals against orders under section 21 which is not available now. In the later part of the same clause, it is proposed to insist upon payment of tax before admission of appeal. It is also provided to accept part or nil payments if the Deputy Commissioner is satisfied of the circumstances. This proposal is in line with the Mysore Sales Tax Act.

6. Clause 6 of the bill seeks to vest revision powers in the Deputy Commissioner of Agricultural Income-Tax to know whether the assessments of Agricultural Income-Tax Officers are in order or not. This proposal is in line with the Mysore Sales Tax Law.

7. The existing law provides that the suo-motu orders of Commissioner must be issued within four years of the date of order sought to be revised. But in some cases investigations or protracted correspondence prevent orders being communicated within that period. Therefore it is proposed to bring the provision of section 35 at par with those of Indian Income-Tax and Sales Tax Law and hence the proposal under clause 7 & 8

8. In view of proposal under clause 5 existence of the proviso to section 41 is superfluous. Hence the proposal for its deletion under clause 8.

9. The existing section 66 is not clear in its purport. It is difficult to compute the area for purposes of section 67. Hence under clause 9 & 12 it is proposed to re-cast it in clear terms to avoid confusion.

10. Clause 13 of the bill seeks to alter the rates of composition having regard to the present price of agricultural produce and the average yields per acre. Under the present Act, all persons desiring to compound have to pay only Rs.2/- per acre irrespective of extent. But actually it works hard on 50-60 acre group and for holdings exceeding 100 acres the composition fee is very low when compared with the tax actually payable. Additional revenue will be realised thereby.

For example: Non-irrigated cotton can yield an average income of Rs.175/- per acre. According to the present bill, the minimum extent of 30 acres yields a gross income of 5250/- after allowing cultivation expenditure per acre at Rs.50/- and Rs.150/- towards other sundry expenses like seed, transportation and land revenue etc., a taxable income of Rs.3600/- will be left. Tax on this works out to Rs.50/- only. If this case of 30 acres extent is subjected to composition, the tax on the first 15 acres is nil and on the next 15 acres Rs.45/- becomes payable. In a case of maximum extent namely 150 acres, the expenditure increases due to extra wages, supervisory staff, depreciation etc., even the quantum of tax will be less due to rebates on insurance and donation etc., Thus the tax payable will not be more than 600/-. By composition also the tax payable on this extent of 150 acres will be Rs.550/-. Thus equity between composition and computation is ensured.

11. Clause 14 introduces a new section laying down the manner in which lands leased out should be treated for purposes of composition. A permanent tenant is deemed to derive agricultural income from the entire extent of land held by him as a permanent tenant. Lands leased out to tenants other than permanent tenants will be divided equally between land-lord and the tenant for purposes of

levy of composition as well as for determining extents from which the land-lord and tenant derive agricultural income.

The other clause deals with vesting of powers in the Agricultural Income-Tax Officer to revise his own orders passed under section 67. This is necessary in the interest of revenue.

14. Clause ~~12~~ 13 of the bill deals with recasting of part II of the schedule. This is done to establish relationship between income and extents under commercial crops.

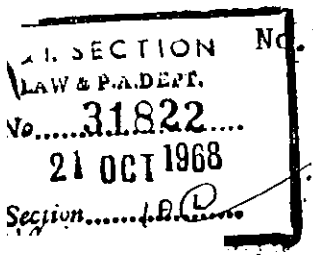
In this clause a new proviso has been added to remove certain difficulties in arriving at the area under certain crops when they are scattered all over the land.

15. Clause 13 of the bill is introduced to save some assessments or other proceedings as envisaged in clauses ~~7,11~~ 8, 11 and ~~12~~ 15 of this bill.

O.C approved by CCT - for Commissioner of Comml.Taxes.

GOVERNMENT OF MYSORE.

Mysore Government Secretariat,
Vidhana Soudha,
Bangalore, dated 19th Octr.1968.



No.FD 4791 CT 68.

U.O. NOTE.

This Department file No.FD 43 CAX 66, has been referred to the Joint Secretary to Law Department on 24-9-1968 with the draft amendment bill to the Mysore Agricultural Income Tax Act, 1957. The said file may be returned to Finance Department to consider this amendment bill alongwith other amendments since received from the Commissioner of Commercial Taxes in Mysore, Bangalore and to enable to prepare consolidated bill to place the same before the Legislature.

S. Gulam Khaja

(Syed Gulam Khaja) 19/10/68
Under Secretary to Government,
Finance Department.

To
The Joint Secretary to Govt.,
Law Department, MGS.

C.F. No. 45] GOVERNMENT OF MYSORE

OFFICE OF the

No. AIT/2888/65-66. Commissioner of Agricultural Income Tax
Encls. 4. in Mysore, Bangalore-1,

To Date 24th October, 1968.

The Secretary to the Government,
Finance Department, BANGALORE.

Sir,

24/10/68

Sub: Mysore Agricultural Income Tax Act, 1957 - Recovery of dues from 3rd partys amend of

Ref: This office No.AIT 2888/65-66 dated 27.6.67.

With reference to the above, I write to enclose herewith a copy of the letter dated 27.6.67 along with a draft amendment bill as requested by you over Phone.

Yours faithfully,

(SMT. A.K. BENGERI)
for Commissioner of Agrl. Income Tax.

181

Spl. Secy. to Govt. Revenue
28/8/67

Copy of letter No.AIT-2888/65-67 dated 27.6.67 from the Commissioner of Commercial Taxes in Mysore, Bangalore, to the Secretary to Government, Finance - Department, Bangalore.

Sub:- Mysore Agricultural Income TaxAct, 1957 - Recovery of duesfrom 3rd Partys - amend of.

It has come to the notice of thisoffice that certain assessees who are in arrears of tax due to this Department are not prompt in paying the dues. Though there isprovision in the Act to levy penalty, its impact also is not being felt by them. Further, recovery proceedings under the Revenue Recovery Act (this is the only avenue to enforce recovery) are not quite effective and they take plenty of time before tl whole process is completed. In some cases/where money is held or retained to be paid to an assessee, the Department cannot take action to pursuade such perso to clear the dueson behalf of the assessee in the absence of any provision to that effect. This kind of provision is quite necessary mostly in the case of Coffee Planters whose dues can be realised through the Coffee Board. In the circumstances, I am directed to request you to consult the Law Department in the matter of amending the Act seeking provision similar to Section 14 of the Mysore SalesTax Act, 1957.

A draft amendment Bill accompanies.

THE MYSORE AGRICULTURAL INCOME TAX (AMENDMENT) ACT, 1967.

An Act further to amend the Mysore Agricultural Income Tax, 1957.

WHEREAS it is expedient further to amend the Mysore Agricultural Income Tax Act, 1957 (Mysore Act No.22 of 1957)

BE it enacted by the Mysore State Legislature in the Seventeenth Year of the Republic of India as follows:-

1. Short title and commencement:- (1) This Act may be called the Mysore Agricultural Income Tax (Amendment) Act, 1967.

(2) This shall come into force at once.

2. Insertion of a new Section 42A after Section 42 of the principal Act:- After Section 42 of the principal Act, the following new Section shall be inserted namely:-

"42A. Recovery of tax from certain other persons:-

(1) The Agricultural Income Tax Officer may at any time or from time to time by notice in writing (a copy of which shall forwarded to the assessee at his last address known to the Agricultural Income Tax Officer) require any person from whom money is due or may become due to the assessee or any person who holds or may subsequently hold money for or on account of the assessee, to pay to the Agricultural Income Tax Officer either forthwith, or upon the money becoming due or being held at or within the time specified in the notice (not being before the money becomes due or is held) so much of the money as is sufficient to pay the amount due by the assessee in respect of arrears of tax or penalty or any other moneys or the whole of the

of the money when it is equal to or less then that amount.

(2) The Agricultural Income Tax Officer may at any time or from time to time amend or reveke any such notice or extend the time for making any payment in pursuance of ~~the~~ such notice.

(3) Any person making any payment in compliance with a notice under this section shall be deemed to have made the payment under the authority of the assessee and the receipt of ~~the treasury or~~ the Agricultural IncomeTaxOfficer shall constitute a good and sufficient discharge of the liability of such person to the extent of the amount referred to in the receipt.

(4) Any person discharging any liability to the assessee after receipt of the notice referred to in this section shall be personally liable to the Agricultural Income Tax Officer to the extent of the liability discharged or to the extent of the liabili of the assessee for the amount due under this Act, whichever is less.

(5) Where any person to whom a notice ~~upon~~ under this section is sent objects to it on the ground that the sum demanded or any part thereof is not due by him to the assessee or that he does not hold any money for or on account of the assessee, then nothing containing in this section shall be deemed to require such person to pay the sum ~~demanded~~ or any part thereof, to the Agricultural IncomeTaxOfficer.

(6) Any amount which a person is required to pay to the Agricultural Income Tax Officer or for which he is personally liable to the Agricultural

...3/-

Income Tax Officer under this section shall, if it remains unpaid, be a charge on the properties of the such person and may be recovered as if it were an arrear of land revenue.

Explanation:- For the purpose of this section, the amount due to an assessee or money held for or an account of an assessee by any person shall be computed after taking into account such claims, if any, as may have fallen due for payment by such assessee to such person and as may be lawfully subsisting."

Sd/-

(SMT. A.K. BENGERI)
for Commissioner of Commercial Taxes.

approved by the
Commissioner.

/ Copy/

missioner of Commercial Taxes.

THE MYSORE AGRICULTURAL INCOME-TAX (AMENDMENT) BILL, 1968

A Bill further to amend the Mysore Agricultural Income-Tax Act, 1957.

WHEREAS it is expedient further to amend the Mysore Agricultural Income-Tax Act, 195 Act No.22 of 1957), for the purposes hereinafter appearing;

BE it enacted by the Mysore State Legislature in the Nineteenth year of Republic of India as follows

1. Short title and commencement.- (1) This Act may be called the Mysore Agricultural Income-Tax (Amendmen Act, 1968.

(2) It shall be deemed to have come into force on the first day of April 1968.

2. Amendment of section 2.- In sub-section (1) of section 2 of the Mysore Agricultural Income-Tax Act, 1957 (hereinafter referred to as the principal Act) clause (dd) shall be relettered as clause (ddd), and before the clause as so relettered , the followin clause shall be inserted, namely:-

"(dd) 'Assistant Agricultural Income-Tax Officer' means a person appointed to be an Assistant Agricultural Income Tax Officer under section 17;"

3. Amendment of section 7.- Section 7 of the principal Act shall be numbered as sub-section (1) thereof, and in the sub-section as so numbered the sedond proviso shall be omitted, and after the said sub-section the following sub-section shall be inserted, namely:-

"(2) Notwithstanding anything contained in ~~the section~~ sub-section (1), the agricultural income from coffee of an assessee shall be

before the close of the relevant previous year but not received during that year shall be taken into account;

(ii) if mercantile system or point valuation system of accounting is employed, computation shall be made on the basis of f valuation on points declared by the Coffee Board in respect of such crop."

4. Amendment of section 17.- In section 17 of the principal Act, -

(1) in sub-section (1) after clause (c) the following clause shall be inserted, namely:-

"(d) Assistant Agricultural Income-Tax Officers."

(2) after sub-section (2A) the following sub-section shall be inserted, namely:-

"(2B) (a) The Commissioner may, by general or special order in writing, direct that the powers conferred on the Agricultural Income Tax Officer under this Act, shall, in respect of any specif case or classes of persons, be exercised by the Assistant Agricultural Income Tax Officer.

(b) Where an order under clause (a) is issued, then for the purposes of any case or person i respect of which any such order applies, reference in this Act or in any rule made thereunder to the Agricultural Income Tax Officer shall be deemed to be reference to the Assistant Agricultural Income-Tax Officer."

5. Amendment of section 32.- In section 32 of the principal Act,

(1) in sub-section (1), for the word and figures "sections 22, 26", the word and figures "sections 21, 22, 26" shall be substituted;

(2) in sub-section (5), after the proviso, the following further proviso shall be inserted, namely:-

"Provided further that in the case of an appeal against an order refusing to cancel an assessment under section 21, the appellate authority shall only consider whether the refusal was correct or not, and pass such orders as it deems fit."

(3) for sub-section (6), the following sub-section shall be substituted, namely:-

"(6) No appeal against an order of assessment shall be entertained by the appellate authority unless it is accompanied by satisfactory proof of the payment of the tax assessed and penalty, if any, due:

Provided that the authority may, if it thinks fit, for reasons to be recorded in writing, entertain an appeal against such order,

(a) without payment of tax and penalty, if any, but on furnishing security to its satisfaction in such form and in such manner as may be prescribed; or

(b) on proof of payment of such smaller sum, with or without security, in the like manner, for such amount of the tax and penalty which remains unpaid, as it may direct."

6. Insertion of new section 32A.- After section 32 of the principal Act, the following section shall be inserted, namely:-

32-A. Revisional powers of Deputy Commissioner.- (1) The Deputy Commissioner may of his own motion call for and examine the record of any order passed or proceeding recorded under the provisions of this Act by an authority subordinate to him and against which no appeal has been preferred to him under section 32, for the purpose of satisfying himself as to the legality or propriety of such order or as to the regularity of such proceeding and may pass such

order with respect thereto as he thinks fit.

(2) In relation to an order of assessment passed under this Act, the power under sub-section (1) shall be exercisable only within an period of four years from the date on which the order was passed.

(3) No order shall be passed under sub-section (1) enhancing any assessment, unless an opportunity has been given to the assessee to show cause against the proposed enhancement."

7. Amendment of section 34.- In sub-section (1) of section 34 of the principal Act, for the words and figures "or under section 32," the words and figures "or under section 32 or under section 32-A" shall be substituted.

8. Amendment of section 35.- For sub-section (2) of section 35 of the principal Act, the following sub-section shall be and shall always be deemed to have been substituted, namely:-

"(2) The power under sub-section (1) may be exercised within a period of four years from the date of the order sought to be revised:

Provided that no order shall be made to revise an order of re-assessment made under section 36.

EXPLANATION:- In computing the period of limitation for the purposes of sub-section (2) any period during which any proceeding under this section is stayed by an order or injunction of any court shall be excluded

9. Amendment of section 41.- In sub-section((1) of section 41 of the principal Act, for the proviso, the following proviso shall be substituted, namely:-

"Provided that where an assesse has appealed under section 32 and has complied with an order made by the appellate authority in regard to the payment of the

tax or other amount, the Agricultural Income Tax Officer shall treat the assessee as not being in default until the disposal of such appeal."

10. Insertion of a new section 42A.- After section 42 of the principal Act, the following section shall be inserted, namely:-

"42A. Recovery of tax from certain other persons (1) The Agricultural Income Tax Officer may at any time or from time to time by notice in writing require any person from whom money is due or may become due to the assessee or any person who holds or may subsequently hold money for or on account of the assessee, to pay to the Agricultural Income Tax Officer either forthwith, or upon the money becoming due or being held at or within the time specified in the notice (not being before the money becomes due or is held) so much of the money as is sufficient to pay the amount due by the assessee in respect of arrears of tax or penalty or the whole of the money when it is equal to or less than that amount.

(2) A notice under this section may be issued to any person who holds or may subsequently hold any money for or on account of the assessee jointly with any other person and for the purposes of this section, the shares of the joint holders in such account shall be presumed, until the contrary is proved, to be equal. A copy of the notice shall be forwarded to the assessee at his last address known to the Agricultural Income-tax Officer, and in the case of a joint account to all the joint holders at their last addresses known to the Agricultural Income-tax Officer.

(3) Save as otherwise provided in this section, every person to whom a notice is issued under this section shall be bound to comply with such notice.

(4) Any claim respecting any property in relation to which a notice under this section has been issued arising after the date of the notice shall be void as against any demand contained in the notice.

(5) Where any person to whom a notice under this section is sent objects to it by a statement on oath that the sum demanded or any part thereof is not due to the assessee or that he does not hold any money for or on account of the assessee, then nothing contained in this section shall be deemed to require such person to pay any such sum or part thereof, as the case may be, but if it is discovered that such ~~statemtn~~ statement was false in any material particular, such person shall be personally liable to the Agricultural Income-tax Officer to the extent of his own liability to the assessee on the date of the notice, or to the extent of the assessee's liability for any sum due under this Act, whichever is less.

(6) The Agricultural Income Tax Officer may, at any time or from time to time, amend or revoke any notice issued under this section or extend the time for making any payment in pursuance of such notice.

(7) The Agricultural Income-tax Officer shall grant a receipt for any amount paid in compliance with a notice issued under this section, and the person so paying shall be fully discharged from his liability to the assessee to the extent of the amount so paid.

(8) Any person discharging any liability to the assessee after receipt of a notice under this section shall be personally liable to the Agricultural Income Tax Officer to the extent of his own liability to the assessee so discharged or to the extent of the assessee's liability for any sum due under this Act, whichever is less.

(9) If the person to whom a notice under this section is sent fails to make payment in pursuance thereof to the

Agricultural Income-tax Officer, he shall be deemed to be an assessee in default in respect of the amount specified in the notice and further proceedings may be taken against him for the realisation of the amount as if it were an arrear of tax du from him, in the manner provided in sections 42 and 43

12. Amendment of section 66.- In section 66 of the principal Act, -

(1) in sub-section (1), -

(i) the words "ganja or timber" shall be omitted;

(ii) for the words "eight classes", the words "six classes" shall be substituted;

(2) in sub-section (2), for the words "eighth class", the words "sixth class" shall be substituted.

(3) to sub-section (3), the following explanation shall be added, namely:-

"Explanation.- For purposes of this section, in the case of grapes, the crop shall be deemed to have been grown every time there is a harvest of such crop."

13. Amendment of section 67.- In section 67 of the principal Act,-

(1) in sub-section (1), for the words "eighth class" the words "sixth class" shall be substituted;

(2) for sub-section (2) the following sub-section shall be substituted, namely:-

"(2) The lump-sum payable under sub-section (1) shall be calculated at the following rates:-

	Extent	Rate
(1)	on the first fifteen acres of the sixth class of land or an extent equivalent thereto.	Nil.
(2)	on the next thirty five acres of the sixth class of land or an extent equivalent thereto.	Three rupees per acre.
(3)	on the next fifty acres of the sixth class of land or an extent equivalent thereto.	Four Rupees per acre.
(4)	on the next fifty acres of the sixth class of land or an extent equivalent thereto.	Five Rupees per acre."

(3) to sub-section (3), the following proviso shall be added, namely:-

"Provided that in the case of an application received after the prescribed time, the prescribed officer may, for reasons to be recorded in writing, condone the delay, on payment of such penalty, not exceeding ten rupees, as he may specify."

(4) after sub-section (6), the following sub-section shall be and shall be deemed always to have been added, namely:-

"(7) Notwithstanding any thing contained in the preceding sub-sections, if at any time within four years from the date of the order under sub-section (4), the Agricultural Income-Tax Officer comes to ~~x~~ know that permission granted by him is erroneous, he may, after giving the assessee a reasonable apportunity of being heard ~~and with the previous approval of the Deputy Commissioner~~, cancel the permission granted, and proceed to assess the income of the assessee to tax in accordance with the provisions of this Act."

~~13~~ 4. Insertion of new section 67-A.- After section 67 of the principal Act, the following section shall be inserted, namely:-

"67-A. Determination of extent in the case of lands leased out. - For the~~x~~ purposes of section 66 and 67 in the case of lands which are leased to a permanent tenant on a fixed cash rent, the entire extent of such land shall be deemed to ~~x~~ be the extent of land from which such permanent tenant derives agricultural income.

Explanation:- In this section, the expression "permanent tenant" shall have the same meaning as is assigned to it in the Mysore Land Reforms Act, 1961 (Mysore Act 10 of 1962), for the time being in force."

5. ~~14.~~ Amendment of the Schedule.- In the Schedule to the principal Act, -

(1) in Part I, in clause (ii) to the first proviso for the word "fifty", the word "thirty" shall be substituted and for theword "eighth" the word "sixth" shall be substituted.

(2) for ~~the~~ Part II the following Part shall be substituted, namely~~x~~:-

"PART II

(See Sections 66 and 67)

A. Classification of lands:-

FIRST CLASS

1. Lands used for growing Areca, Chillies (Irrigated), Ganja, Grapes, Plantain (irrigated), Potato (irrigated), Sugarcane, or Timber.

SECOND CLASS

2. Lands used for growing Coconut, Garlic (Irrigated) Ginger, Onion (irrigated) Tobacco (Nippani or Virginia), or Turmeric,

THIRD CLASS

~~Lands used for growing~~

~~(a) irrigated crops of Cotton, Groundnut, Mulberry;~~

~~(b) non-irrigated crops of Chillies, Garlic, Onic Potato or Sesemum (til)~~

FOURTH CLASS

nds used for growing Groundnut (non-irrigated) go robacco (other than Nippani and Virginia).

FIFTH CLASS

Lands used for growing Castor, Corriander, or Plantain (non-irrigated),

SIXTH CLASS

Lands used for growing all other Commercial crops.

B. Formula for determining equivalent extent of land of different classes:- ~~Thirty~~ Thirty acres of sixth class of land = ~~15~~ Fifteen acres of fifth class of land = ~~10~~ Ten acres of fourth class of land = ~~4~~ Four acres of third class of land = ~~2~~ Two acres of second class of land = One acre of fir class of land:

Provided that where plants or trees of ~~Plantain~~, Areca, Castor, Coconut, ~~or~~ Mango, or Plantain are scattered or are grown along the bunds or borders of land, the area under such plants

STATEMENT OF REASONS AND OBJECTS ON THE DRAFT BILL seeking amendments to Mysore Agricultural Income-Tax Act, 1957:

The main purpose of the bill is to establish a closer degree of relationsh-ip between agricultural income and the extent from which the income was derived. The existing law provides for the levy of tax on income only if the extent in terms of 8th class of land exceeds 50 acres. The present day market prices of agricultural produce are so high that even if a smaller extent of land is cultivated, the taxable income can be realised. But according to the existing Law a man who derives sufficient income escapes tax on the plea that he did not cultivate 50 acres of 8th class of land. The extent of 50 acres had been prescribed about a decade ago when the prices were much lower. The anchronism has to be remedied by recasting part II of the Schedule appended to the Act. This object is proposed to be achieved by amending the law as proposed under clause 14 of the bill.

NOTE ON CLAUSES:

1. Clause 1 of the bill seeks to make the amendments to come into force so as to bring evasions of the above type to an end from that day.

2. Clause 2 deals with the introduction of a new set of officers namely Assistant Agricultural Income Tax Officers. In some circles large income cases are very few. In such cases an officer of a lower rank can manage with advantage. Appointment of officers of the rank of Assistant Agricultural Income Tax Officers is not provided in the Act and hence the proposal.

3. Coffee is usually a bi-annual crop. A good crop always follows a lean crop. Big coffee growers who maintain cash system of accounting are prone to admit loss returns against good crops and slender profits against lean crop based on the method of accounts employed by them. This is possible if cash payments are received during lean coffee seasons. Thus tax at higher slab escapes. This is proposed to be remedied by amending Section 7 as contemplated under Clause 3 of the bill.

4. In the light of comments against clause 2 of the bill, no further comments are necessary against clause 4.

5. In the initial part of clause, 5 it is proposed to amend Section 32 so as to provide appeals against orders under Section 21 which is not available

or trees shall be computed as under:-

(i) the area under ~~40~~ Forty Coconut trees shall b deemed to equal to one acre;

(ii) the area under ~~400~~ Fourhundred areca trees or ~~400~~ Fourhun Castor plants shall be deemed to be equal to one acre;

(iii) the area under ~~20~~ Twenty Mango trees shall be be deemed to be equal to one acre.

(iv) the area under ~~600~~ Sixhundred plantain trees shall deemed to be equal to one acre."

16 ~~15.~~ Validation.- Any thing done or any action taken purported to be done or taken (including any notices or orders issued or assessments, payment or recoveries made and all proceedings taken) for the levy and collection of agricultural income-tax under the principal Act before the commencement of this Act. shall, notwithstanding any judgment, decree or order of any court, Tribunal or other authority, be deemed to have been validly done or taken by or under the provisions of the principal Act as amended by sections 8, 11 and ~~14~~ 15 of this Act and accordingly no suit or other legal proceeding shall be entertained or continued in any court or other authority on the ground that any such thing was done or action taken under or in pursuance of provisions which were not in force at that time.

now. In the later part of the same clause, it is proposed to insist upon payment of tax before admission of appeal. It is also provided to accept part or nil payments if the Deputy Commissioner is satisfied of the circumstances. This proposal is in line with the Mysore Sales Tax Act.

6. Clause 6 of the bill seeks to vest revision powers in the Deputy Commissioner of Agricultural Income-Tax to know whether the assessments of Agricultural Income-Tax Officers are in order or not. This proposal is in line with the Mysore Sales Tax Law.

7. Since revision powers are vested in the Deputy Commissioner of Agrl.Income-Tax, his orders are made appealable to Sales Tax Appellate Tribunal and hence section 34 is proposed to be amended under clause 7.

8. The existing law provides that the suo-motu orders of Commissioner must be issued within four years of the date of order sought to be revised. But in some cases investigations or protracted correspondence prevent orders being communicated within that period. Therefore it is proposed to bring the provision of section 35 at par with those of Indian Income Tax and Sales Tax Law and hence the proposal under clause 8.

9. Section 32 has been proposed to be amended. But the conditions subject to which the provisions of the proviso to under Section 41(1) are to be

invoked, have changed, a new set of conditions which are in conformity with the provisions of section 32, are to be introduced. This is proposed to be achieved by amending the proviso to section 41(1) under clause 8 of the Bill. A ~~mmh~~ similar provision exists under the Mysore Sales Tax Act 1957.

10. Under Clause 10 of the bill, it is proposed to introduce a new section whereby the Agricultural Income-Tax Officer can exercise power to direct any ~~person~~ bourse like Bank etc., to clear the dues of an assessee in default if his money is in its custody. A similar provision exists under the Mysore Sales Tax Act 1957.

11. The existing provisions of section 53-C is not clear in its purport. For example, rebate on paid insurance premia or donation is allowed against general tax. But the existing section 53-C also provides for similar rebate against super tax for the second time. This is proposed to be remedied under clause 11 of the bill.

12. Section 66 is proposed to be recast and simultaneously to make matters more clear, the wordings also are changed to enable computation of area under some commercial crops easy and to avoid any confusion. This is suggested under clause 12 of the bill.

13. Clause 13 of the bill seeks to alter the rates of composition having regard to the present

price of agricultural produce and the average yield per acre. Under the present Act, all persons desiring to compound have to pay only Rs.2/- per acre irrespective of extent. But actually it works as a hardship on 50-60 acre group and for holdings exceeding 100 acres the composition fee is very low when compared with the tax actually payable. Additional revenue will be realised thereby. ~~thereby.~~

For example:- Non-irrigated cotton can yield an average income of Rs.175/- per acre. According to the present bill, the minimum extent of 30 acres yields a gross income of Rs.5250/- after allowing cultivation expenditure per acre at Rs.50/- and Rs.150/- towards other sundry expenses like seed, transportation and land revenue etc., a taxable income of Rs.3,600/- will be left. Tax on this works out to Rs.50/- only. If this case of 30 acres extent is subjected to composition, the tax on the first 15 acres is nil and on the next 15 acres Rs.45/- becomes payable. In a case of maximum extent namely 150 acres, the expenditure increases due to extra wages, supervisory staff, depreciation etc., even the quantum of tax will be less due to rebates on insurance and donation etc., Thus the tax payable will not be more than 600/-. By composition also the tax payable on this extent of 150 acres will be Rs.550/-. Thus equity between composition and computation is ensured.

It is also proposed under this clause to vest powers in the Agricultural Income-Tax Officer to cancel his own order if it is sanctioned erroneously.

14. Clause 14 introduces a new section laying down the manner in which lands leased out should be treated for purposes of composition. A permanent tenant is deemed to derive agricultural income from the entire extent of land held by him as a permanent tenant. Lands leased out to tenants other than permanent tenants will be divided equally between land-lord and the tenant for purposes of levy of composition as well as for determining extents from which the land -lord tenant derive agricultural income.

15. Clause 15 of the bill deals with recasting of part II of the schedule. This is done to establish relationship between income and extents under commercial crops.

In this clause a new proviso has been added to remove certain difficulties in arriving at the area under certain crops when they are scattered all over the land.

16. Clause 16 of the bill is introduced to save some assessments or other proceedings as envisaged in clauses 8,11 and 15 of this Bill.

Commissioner of ... Income Tax in Mysore, ... State

small payments before the end of the year against a good crop and k claim loss (artificial) While against a lean crop a slender profit is shown. This legal evasion is going on.

. Section-32: does not provide for an appeal against an order under Section 21 of the Act.

The above section does not provide payment of tax as a condition for admission of appeal.

(3) The amendment provides an appeal against an order under Section 21.

In the amending law payment of tax is made a condition before admission of appeal.

Experience has shown that judious orders are not passed by our Agrl.Income Tax Officers especially in the case of orders under Section 21. The Agrl.Income Tax Officers in the case of non compliance from the assessee in response to notices under section 18 or 19, pass orders Under Sec.19(4) against which no appeal is maintainable. But the assessee can seek cancellation of order under sec.19(4) by filing an application within 30 days of the above order and aducing reasons which prevented his compliance. But our officers are not fair to the assessees in their orders under Sec.21. Hence, an appeal is provided against the order under Section 21.

Too many appeals on most frivilous grounds are filed. Since the law provides not to demand tax or to levy penalty in appeal cases, collection work comes to a close. Therefore the amendment is proposed to bring the law on the lines of Mysore Sales Tax Act

....2

NOTES ON MYSORE AGRICULTURAL INCOME TAX AMENDMENTS.

Existing law.	Amended law.	Reasons for amendment
1.	2.	3.
		To begin with, the amending bill was proposed to come into force with effect from 1-4-1968 so that the state could get some extra revenue by preventing some legal evasions as discussed in the "statement of reasons and objects" on the draft Bill. It is left to the descretion of Government to fix such date as it may deem fi[illegible]
ection 17 provides Government o appoint the following four lass of officers to administer the Act. (a) Commissioner of Agrl.Income Tax. (b) Deputy Commissioners of Agrl.Income Tax. (b)) Asst.Commissioner of Agrl.Income Tax. (c) Agrl.Income Tax Officers.	(1) Now it is proposed to include after (c) the following class of Officers. (cc) Asst.Agricultural Income Tax Officers.	(1) [illegible] certain areas big income cases are very few. These cases can be assessed by an Officer of the rank of an Asst.Commercial Tax Officer (Asst.Agrl.Income Tax Officer). This results in reducing the collection charges of the Department. Hence, the proposal to include one more class of officers.
⊗ On point valuation system only if the assessee maintains mercantile system of accounting (double entry system) Usually Coffee growers adopt cash system. The latter system is advantagion because the cash that they receive in a year will be always less than the value of Coffee consigned to the coffee Beard which goes on making payments in instalments	(2) In the amending bill (in cash system of accounting) it is proposed to offer all payments declared for payment before the end of the year.	(2) The proposal is made to prevent declaration of artificial losses which deprive tax at higher slab.

The existing law has no provision to collect tax of a defaulter assessee from a person (Bank) who is having money of our assessee.	It is now provided to collect tax from third parties also.	This kind of provision exists in the M.S.T. law. It is working well and it will be very useful for this Dept., in realising the dues.
Section 53-C lays down that all concessions allowable in respect of levy and collection of general tax (A.I.T.) be allowed in respect of super tax.	The amendment is proposed to prevent double concessions.	The wordings are not clear in this section. Therefore a tax rebate allowable on say donation, or L.I.P. payment, towards the general tax has to be allowed towards super tax also. The proposal is therefore ment to deny this second claim.
Section 66 lays down the method to be adopted in determining areas under commercial crops if more than one crop is raised on the same plot and in the same year.	The new section helps to determine the area without confusion in cases where crop cutting lasts through out the year without disterbing the parent plant.	A doubt arose in cases of grapes and mulberry and coconut in determining the area as crop harvesting lasts through out the year. The new law clears all these doubts.
Section 67: lays down the rate of composition money payable per acre.	A slightly higher rate is now proposed.	The composition rate was prescribed about a decade ago. Since the rates of farm products have gone up by many folds, it is attempted to establish a close degree of relationship between income and holdings. This amendment is anticipated to yield some extra revenue.

1.	2.	3.
32-A: is a new section to be introduced.	The new section proposes to vest revision powers in the Deputy Commissioner of Agrl.Income Tax who at present has no powers to revise an order of the Agrl.Income Tax Officer.	Or the Commissioner has suo-motu powers under Sec.35. Since, the Commissioner cannot find time to review all assessments, for convenience sake it is proposed to vest revision powers in the Deputy Commissioner of Agrl. Income Tax. Such provision exists in the Mysore Sales Tax Act.
Section 34 does not provide an appeal to lie before the S.T.A.T. against a revision order of the Deputy Commr.of Agrl.Income Tax.	Since the Deputy Commissioner is proposed to be vested with powers of revision, his orders are therefore proposed to be appealable.	The revision orders of Deputy Commr.of Agrl.Income Tax are proposed to be made appealable as the existing law does not provide it.
Section 35 lays down that the order of the Commissioner must be communicated to the assessee within four years of the date of order sought to be revised.	The period of limitation prescribed under sec.35 is proposed to be enlarged.	stailed enquires, collection of authenticated data do not permit the orders of Commissioner to be conveyed before 4 years. It is therefore proposed to amend the section and to bring it at par with M.S.T. Act.
Section 41 is operative in appeal cases subject to certain conditions.	The appeal provision (Sec.32) is proposed to be changed. Therefore the provisions of sec.41 have to be in consonance with the amended Sec.32. Sec.41 also is	The existing law provides to seek approval of Deputy Commr.of Agrl.Income Tax to levy penalty in a case where appeal is pending. The new law provides payment of tax before admission of appeal. Therefore,

1.	2.	3.
No power is vested in the Agrl.Income Tax Officer to cancell his composition order when once it is granted.	Powers are proposed to be vested in the A.I.T.O. to cancell his orders if it is erroneous.	In a case where in-eligibility is a ground for ~~grant~~ cancellation of composition, the present law does not permit the A.I.T.O. to cancell the composition order and to compute the income. Hence, the proposal to cancell ~~in~~ his own orders
12. The present law does not provide to take into consideration area under permanent tenancy	The amendment is provided to distribute the area equally between the land lord and the ~~tenant~~ for purposes of determining the area in terms of 8th class of land.	On permanent tenancy basis lands are leased out. These lands are not to be taken into account for determining the areas for purposes of the Act. While determining the income of land lord this area escapes. Similarly for the ~~tenant~~ also this area will not be available. It is now proposed to distribute the area equally between the two for purposes of our Act.
13. Under Sec.66: Commercial crop growing areas are classified into 8 class.	It is now proposed to have only six classes establishing rationality between income and ~~holidays~~. extents	Vide remarks against para 11 above.
No provision is made to determine the area in case plants and trees are scatterred	A provision is made to help determine the area in case plants are scattered.	The new law helps the officer to determine the area under crops or plants if they are scattered so that their income also will be taken into consideration to know the liability.

65

GOVERNMENT OF MYSORE

Tele gram / phone

OFFICE OF

The Commissioner of Commercial Tax

No. AIT-2888/65-66.
Encls.

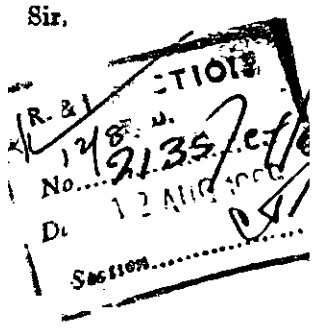
in Mysore, Bangalore-1.

Date 8th August 1969

To

The Secretary to Government
Finance Department,
BANGALORE-1.

Sir,



Sub: Mysore Agricultural Income Tax Act 1957 - Proposals for amendment.-

Ref: 1) This office letter of even No.dated 24-10-1968.
2) Your Department U.O.file No.FD 43 CAX 66.

In continuation of this office letter under reference, I write to enclose herewith a detailed statement containing the reasons under lying the amendments pertaining to various provisions which are sought to be amended. The said statement also helps to know the wordings of the various provisions before and after the amendments. A copy of the rate schedule prepared previously on the lines of the Indian Income Tax Law, also accompanies.

According to the present law, lands used for growing Commercial Crops are classified ~~up~~to 8 classes. This classification was done about a decade ago having regard to the then ruling prices of Agricultural Produces. The present day prices have increased considerably and as a result the relationship between yield and extent which formed the basis for purposes of the Act, does not exist. This defect is proposed to be remedied by reducing the required minimum extent of the last class of land to 30 acres and reducing the number of classifications. For example the income

from areca and grapes per acre will be roughly equal. Therefore, it is proposed to include them in one and the same class. Similar amalgamation is done in other classes keeping in view mostly the yield and the minimum area required to render a person liable to tax under the Act.

Yours faithfully

(M.Veeraraj Urs)
COMMISSIONER OF COMMERCIAL TAXES.

"PART I"

(See Section 3)

Rates of Agricultural Income Tax.

As proposed in the previous Bill

1.	Where the total agricultural income does not exceed Rs.1,500/-.	Nil.
2.	Where the total agricultural income exceeds Rs.1,500/- but does not exceed Rs.5,000/-.	3 percent of the amount by which the total income exceed Rs.1,500/-.
3.	Where the total agricultural income exceeds Rs.5,000/- but does not exceed Rs.10,000/-	Rs.105/- plus six percent of the amount by which the total income exceeds Rs.5,000/-
4.	Where the total agricultural income exceeds Rs.10,000/- but does not exceed Rs.15,000/-	Rs.405/- plus ten percent of the amount by which the total income exceeds Rs.10,000/-
5.	Where the total agricultural income exceeds Rs.15,000/- but does not exceed Rs.20,000/-	Rs.905/- plus fifteen per cent of the amount by which the total income exceeds Rs.15,000/-
6.	Where the total agricultural income exceeds Rs.20,000/- but does not exceed Rs.25,000/-	Rs.1,655/- plus twenty per cent of the amount by which the total income exceeds Rs.20,000/-
7.	Where the total agricultural income exceeds Rs.25,000/- but does not exceed Rs.30,000/-	Rs.2,655/- plus thirty per cent of the amount by which the total income exceeds Rs.25,000/-
8.	Where the total agricultural income exceeds Rs.30,000/- but does not exceed Rs.35,000/-	Rs.4,155/- plus thirty five percent of the amount by which the total income exceeds Rs.30,000/-
9.	Where the total agricultural income exceeds Rs.35,000/- but does not exceed Rs.50,000/-	Rs.5,905/- plus forty per cent of the amount by which the total income exceeds Rs.35,000/-
10.	Where the total agricultural income exceeds Rs.50,000/- but does not exceed Rs.75,000/-	Rs.11,905/- plus fifty per cent of the amount by which the total income exceeds Rs.50,000/-
11.	Where the total agricultural income exceeds Rs.75,000/- but does not exceed Rs.1,00,000/-	Rs.24,405/- plus fifty five percent of the amount by which the total income exceeds Rs.75,000/-
12.	Where the total agricultural income exceeds Rs.1,00,000/-	Rs.38,155/- plus sixty per cent of the amount by which the total income exceeds Rs.1,00,000/-

MYSORE

Part I

Rates of Agricultural Income-Tax.

(1)	On the first Rs. 1,500/- of total agricultural income.	... Nil
(2)	On the next Rs. 3,500/- of total agricultural income.	... Three paise in the rupee.
(3)	On the next Rs.5,000/- of total agricultural income.	... Six paise in the rupee.
(4)	On the next Rs. 5,000/- of total agricultural income.	... Nine paise in the rupee.
(5)	On the next Rs. 5,000/- of total agricultural income.	... Twelve paise in the rupee.
(6)	On the next Rs. 5,000/- of total agricultural income.	... Fifteen paise in the rupee.
(7)	On the next Rs. 10,000/- of total agricultural income.	... Eighteen paise in the rupee.
(8)	On the next Rs. 15,000 of total agricultural income.	... Twenty one paise in the rupee.
(9)	On the next Rs. 50,000/- of total agricultural income.	... Twenty five paise in the rupee.
(10)	On the balance of total agricultural income.	... Forty paise in the rupee.

RATESOF SUPER TAX.

(1)	On the first Rs. 25,000/- of the total agricultural income.	... Nil
(2)	On the next Rs.25,000/- of the total agricultural income.	... 9 paise in the rupee.
(3)	On the next Rs. 25,000/- of the total agricultural income.	... 12 paise in the rupee.
4)	On the next Rs. 25,000/- of the total agricultural income.	... 15 paise in the rupee.

(1) Where the total income does not exceed Rs. 5,000/-	5 per cent of the total income.
(2) Where the total income exceeds Rs. 5,000 but does not exceed Rs. 10,000/-	Rs.250 plus 10 per cent of the amount by which the total income exceeds 5,000/-
(3) Where the total income exceeds Rs. 10,000 but does not exceed Rs. 15,000/-	Rs. 750 plus 15 per cent of the amount by which the total income exceeds Rs.10,000/-
(4) Where the total income exceeds Rs. 15,000/- but does not exceed Rs.20,000/-	Rs. 1,500 plus 20 per cent of th amount by which the total income exceeds Rs.15,000/-
(5) Where the total income exceeds Rs.20,000 but does not exceed Rs.25,000/-	Rs.2,500/- plus 30 per cent of the amount by which the total income exceeds Rs.20,000/-
(6) Where the total income exceeds Rs.25,000 but does not exceed Rs.30,000/-	Rs.4,000/- plus 40 per cent of the amount by which the total income exceeds Rs.25,000/-
(7) Where the total income exceeds Rs.30,000/- but does not exceed Rs.50,000/-	Rs.6,000/- plus 50 per cent of the amount by which the total income exceeds 30,000/-
(8) Where the total income exceeds Rs.50,000/- but does not exceed Rs.70,000/-	Rs.16,000/- plus 60 per cent of the amount by which the total income exceeds Rs.50,000/-
(9) Where the total income exceeds Rs.70,000/- but does not exceed Rs.1,00,000/-	Rs.28,000/- plus 65 per cent of the amount by which the total income exceeds Rs.70,000/-
10) Where the total income exceeds Rs.1,00,000/- but does not exceed Rs.2,50,000/-	Rs.47,500/- plus 70 per cent of the amount by which the total income exceeds Rs.1,00,000/-
11) Where the total income exceeds Rs.2,50,000/-	Rs.1,52,500 plus 75 per cent of the amount by which the total income exceeds Rs.2,50,000/-

SCHEDULE I

PART I.

(See Section 3.)

RATES OF AGRICULTURAL INCOME-TAX.

(1) On the first Rs.1,500 of total agricultural income.	Nil.
(2) On the next Rs.3,500 of total agricultural income.	Three naye paise in the rupee.
(3) On the next Rs.5,000 of total agricultural income.	Six naye paise in the rupee.
(4) On the next Rs.5,000 of total agricultural income.	Nine naye paise in the rupee.
(5) On the next Rs.5,000 of total agricultural income.	Twelve naye paise in the rupee
(6) On the next Rs.5,000 of total agricultural income.	Fifteen naye paise in the rupe
(7) On the next Rs.10,000 of total agricultural income.	Eighteen naye paise in the rupee.
(8) On the next Rs.15,000 of total agricultural income.	Twenty-one naye paise in the rupee.
(9) On the next Rs.50,000 of total agricultural income.	Twenty-five naye paise in the rupee.
10) On the balance of total agricultural income.	Forty naye paise in the rupee.

Provided that no agricultural income-tax shall be payable --

(i) on a total agricultural income which does not exceed three thousand five hundred rupees; or

(ii) by a person who derives agricultural income from land not more than fifty acres of the eighth class of land or an agricultural extent equivalent thereto consisting of any one or more of the classes of land specified in Part II.

The limit referred to in the above proviso shall be seven thousand rupees in the case of every Hindu undivided family or an Aliyasanthana family or Kunch or a Marumakkathayantavad or tavazhi including a Nambudiri family or any other class governed by the law applicable to Nambudiris, which satisfies as at the end of the previous year the condition that it consists of at least five members:

agricultural income exceeds three thousand five hundred rupees or seven thousand rupees, as the case may be.

[1](PART I-A)

(See Section 53-A)

RATES OF INCOME TAX.

(1) On the first Rs.20,000 of the total agricultural income.	Nil.
(2) On the next Rs.20,000 of the total agricultural income.	Nine naye paise in the rupee.
(3) On the next Rs.20,000 of the total agricultural income.	Twelve naye paise in the rupee.
(4) On the next Rs.20,000 of the total agricultural income.	Fifteen naye paise in the rupee.
(5) On the balance of total agricultural income.	Twenty naye paise in the rupee.

Provided that, no method of accounting has been regularly employed by the Assessee, or if the method employed is such that in the opinion of the Agricultural Income Tax Officer, the Agricultural income cannot properly be deduced therefrom, then the computation shall be made upon such basis and in such manner as he may determine;

Provided further that in the case of Coffee Crop of an Assessee, the Agricultural income therefrom may be computed on the basis of valuation on points declared by the Indian Coffee Board in respect of such Crop.

Provided that, no method of accounting has been regularly employed by the Assessee or if the method employed is such that, in the opinion of the Agricultural Income Tax Officer, the Agricultural income cannot properly be deducted therefrom, then the computation shall be made upon such basis and in such manner as he may determine;

Provided further that in the case of Coffee Crop of an Assessee, the Agricultural income therefrom may be computed on the basis of valuation on points declared by the Indian Coffee Board in respect of such Crop.

2. Notwithstanding anything content in sub-section (1), the Agricultural income from Coffee of an Assessee shall be computed as follows:-

Clause Nos.in the Bill.	Existing Law.	Amended Law.	Reasons for Amendment.
(1)	(2)	(3)	(4)
1	--		To begin with the amending bill wa proposed to come into force with effect from 1.4.68 so that the Sta to get some extra revenue by preve ing some legal evasions as discuss in the statement of reasons and objects on the Draft Bill. It is left to the discretion of Governme to fix such date as it may deem fi
	-x-x-	-x-x-	-x-x-
	(d) Assessee means a person by whom Agricultural Income Tax is payable.	(d) "Assessee" means a perso whom Agricultural Income Tax payable.	(1) In certain areas big income cases are very few. These cases c be assessed by an Officer of the rank of an Assistant Commercial Ta Officer (Assistant Agricultural Income Tax Officer). This results in reducing the collection charges of the Department. Hence, the proposal to include one more class of Officers.
	dd) "Assistant Commissioner" means person appointed to be an ssistant Commissioner of Agri- cultural Income Tax under Section 17.	(dd) "Assistant Agricultural Tax Officers means a person appointed to be an Assistant cultural Income Tax Officer Section 17.	
		(ddd) "Assistant Commissione a person appointed to be an Commissioner of Agricultural Tax under Section 17.	
	-x-x-	-x-x-	
	Method of accounting:- Agri- cultural income shall be computed for the purpose of Sec.5 and 6 in accordance with the method of accounting	(7) Method of accounting: (1 cultural Income shall be co the purpose of Sec.5 and 6 i accordance with the method c ing regularly employed by th	

(2)	(3)
	(i) If cash system of accounting is employed, all cash payments made by Coffee curers or the Coffee Board, including those declared for payment before the close of the relevant previous year but not received during that year shall be taken into account. (ii) If mercantile system or point valuation system of accounting is employed, computation shall be made on the basis of valuation on points declared by the Coffee Board in respect of such Crop.
-x-x-	-x-x-
17(c) Agricultural Income Tax Officers;	17(c) Agricultural Income Tax Officers; (d) Assistant Agricultural Income Tax Officers;
-x-x-	-x-x-
17(2B) This is not existing in the Act.	17(2B) The Commissioner by general or a special order in writing, direct that the powers conferred on the Agricultural Income Tax Officer by or under this Act, shall, in respect of any specified case or classes of persons, be exercised by the Assistant Agricultural Income-Tax Officer.

case of person in respect of which any such order applies, reference in this Act or in any rule made thereunder to the Agricultural Income Tax Officer shall be deemed to be reference to the Assistant Agricultural Income Tax Officer.

-x-x-

32. Appeal against Assessment:-

(1) Any Assessee objecting to the amount of income assessed or tax determined or loss computed under Sec.19 or the amount of tax determined under Sec.19 or denying his liability to be assessed under this Act, or objecting to any order under ~~Act~~, ~~xxxxxx~~ any of the provisions of the Sections 22, 26,29, 30 and 42 made by the Agricultural Income Tax Officer, may appeal to the Deputy Commissioner against the assessment or the order.

(2) . . . . . .

(3) . . . . . .

(4) . . . . . .

(5) In disposing of an appeal the Appellate authority may -

-x-x-

Sec.32. Appeal against assessment:-

(1) Any Assessee objecting to the amount of income assessed or tax determined or loss computed under Sec.19 or the amount of tax determined under Section 19 or denying his liability to be assessed under this Act, or objecting to any order under any of the provisions of Sections 21, 22, 26, 29, 30 and 42 made by the Agricultural Income Tax Officer may appeal to the Deputy Commissioner against the assessment or order.

(2) . . . . . .

(3) . . . . . .

(4) . . . . . .

(5) In disposing of an appeal Appellate authority may -

ant furnishes sufficient security to its satisfaction in such manner as may be prescribed.	(a) without payment of tax and penalty if any, but on furnishing security to its satisfaction in such form and in such manner as may be prescribed, or (b) on proof of payment of such similar sum with or without security, in the like manner, for such amount of the tax and penalty which remains unpaid as it may direct.
-X-X-	-X-X-
*There is no section as 32-A in the Act.	33-A Revisional powers of Deput Commissioner: 1. The Deputy Commissioner may of his own motion call for and examine the record of any order passed or proceedings recorded under the provisions of this Act by an authority subordinate to him and against which no appeal has been preferred to him under section 32, for the purpose of satisfying himself as to the legality or propriety of such order or as to the regularity of such proceedings and may pass such order with respect thereto as he

(a) in the case of an order of assessment:(i) confirm, reduce, enhance or annual the assessment.	(a)in the case of an order of an assessment: (i) confirm, reduce enhance, or annual the assessment
(ii)setaside the assessment and direct the Agricultural Income Tax officer to make a fresh assessment after such further e nquiry as may be directed ; or	(ii) setaside the assessment and direct the Agricultural Income T officer t o make a fresh assess after such further enquiry as ma be directed; or
(b) in the case of any other order, confirm, cancel, or vary such order: provided that no enhancement of an assessment or penalty shall be made under this section unless the appellant has had a reasonable opportunity.	(b) in the case of any other ord confirm, cancel, or vay such order: provided that no enhancem of an assessment or penalty sha be made under this section unle the Appellant had a reasonable opportunity; "Provided further that in th e case of an appeal against an ord torefusing to cancel an assessme under Sec.21, the appellate authority shall only consider whether the refusal was correct not and pass such orders as deem fit.
(6) Notwithstanding that appeal has been preferred under Sub-section (1) tax shall be paid in accordance with the assessment made in the case.	(6) No appeal against an order o an assessment shall be entertained by the Appellate Authority unless it is accompanied by satisfactory proof of the payment of the tax assessed and penalty, if any due;

Experience has shown that judicious orders are not passed by our Agricultural Income Tax Officers especially in the case of orders under section 21. The Agricultural Income Tax Officers in the case of non-compliance from the Assessee in response to notices under Sec. 18 or 19, pass orders under Sec.19(4) against which no appeal is maintainable. But the assessee can seek cancellation or an order under Sec.19(4) by filling an application within 30 days of the above order aducing reasons which prevented his compliance. But officers are not fair to the Assessees in their orders under Sec.21. Hence, an appe is provided against the order under Sec.21.

Too many appeals on most frivol grounds are filed. Since the law p vides not to demand tax or to levy penalty in an appeal cases, collecti work comes to a close. Therefore t amendment is propos ed to bring the on the lines of Mysore Sales Tax Act

Explanation.- In computing the period of limitation for the purposes of sub-sec.(2),any period during which any proceeding under this Sec. is stayed by an order or injunction of any Court shall be excluded.	Explanation.- In computing the period of limitation for the purposes of sub-Sec.(2) any period during which any proceeding under this Section stayed by an order or injunction of any Court shall be excluded	convoyed before four years. I therefore proposed to amend the Section and to bring it at par with Mysore Sales Tax Act.
-X-X-	-X-X-	
Provided that, when an Assessee has presented an appeal under Sec.32, the Agricultural Income Tax Officer, may, in his discretion, treat the Assessee as not being in default as long as such appeal in undisposed of and if any such case, the Agricultural Income Tax Officer considers that the Assessee should be held to be in default, he shall refer the matter to the authority to whom appeal was presented for orders and shall treat the Assessee as not being in default, until the said authority passes orders to the contrary.	Sec.41(1) "Provided that where an Assessee has appealed under Sec.32 and has complied with an order made by the Appellate Authority in regard to the payment of the tax or other amounts the Agricultural Income Tax Officer shall treat the Assessee as not being in default until the disposal of such appeal.	The existing law provides to s approval of the Deputy Commiss of Agricultural Income Tax, to levy penalty in a case where a is pending. The new Law provi payment of tax before admissio appeal. Therefore, the matchi provision has to be made under Section 41.

2. In relation to an order of a[illegible]ment passed under this Act, the [illegible]er under Sub-Section (1) shall be [illegible]reisable only within a period of f[illegible] years from the date on which th[illegible]rder was passed.

3. No order shall be passed und[illegible]ub-Section (1) enhancing and asses[illegible]t, unless an opportunity has been [illegible]en to the Assessee to show cause a[illegible]nst the proposed enhancement.

Only the Commissioner has Suo-motu powers under Sec.35. Since, the Commissioner cannot find time to review all assessments, for convenience sake it is proposed to vest revision powers in the Deputy Commissioner of Agricultural Income Tax. Such provision exist in the Mysore Sales Tax Act.

-X-X-

-X-X-

34. Appeal to the Appellate Tri[illegible]al: (1) Any Assessee objecting to t[illegible] order of the Agrl.Income Tax Of[illegible]er, under Sec.23 or an order passed [illegible] the Deputy Commissioner under Sec.2[illegible]r 32 or under Sec.32-A may appeal to [illegible]e Appellate Tribunal within 60 da[illegible] from the date on which the notice of [illegible]uch order was communicated to the A[illegible]ssessee.

The revision orders of the Deputy Commissioner of Agricultural Incom Tax are proposed to be made appealable as the existing law does not provide it.

3. Save as otherwise provided in the Section, every person to whom a notice is issued under this Section shall be bound to comply with such notice.

4. Any claim respecting any property, in in relation to which the notice under this Section has been issued arising after the date of the notice shall be void as against the demand contained in the notice.

5. Where any person to whom the notice under this Section is sent objects to it by a statement on oath that the sum demanded or any other part thereof is not due to the Assessee or that he does not hold any money for or on account of the Assessee, then nothing contained in this Section shall be deemed to require such person to pay any such sum or part thereof, as the case may be, but if it is discovered that such statement was false in any material particular, such person shall be personally liable to the Agricultural Income Tax Officer to the extent of his liability to the Assessee on the date of the notice or to the Assessee on the date of the notice or to the extent of the Assessee's liability for any sum due under this Act whichever is less.

6. The Agricultural Income Tax Officer may at any time or from time to time amend or revoke any notice issued under this Section or extent the time for making any payment in pursuance

ıere is no Section as 42-A in the
:t: A new Section has been inserted.

"42-A. Recovery of tax from certain other persons:

1. The Agricultural Income Tax Officer may at any time or from time to time by notice in writing require any person from whom money is due or may become due to the Assessee or any person who holds or may subsequently hold money for or on account of the Assessee, to pay to the Agricultural Income Tax Officer either forthwith, or upon the money becoming or being held or within the time specified in the notice (not being before the money becomes due or is held) so much of the money as is sufficient to pay the amount due by the Assessee in respect of arrears of tax and penalty or the whole od the money when it is equal to or less than that amount.

2. A notice under this Section may be issued to any person who holds or may subsequently hold any money for or on account of the Assessee jointly with any other person and for the purposes of this Section the shares of the joint holder in such account shall be presumed, until the contrary is proved, to be equal. A copy of the notice shall be forwarded to the Assessee at his last address known to the Agrl. Income Tax Officer and in the case of

This kind of provision exists in the Mysore Sales Tax Law. It is working well and it will be very useful for this Department in realising the dues.

Classification of land for composition of Agricultural Income Tax etc.,(1) Lands used for growing other than Plantation crops, Ganja or Timber shall be classified into 8 classes as specified in Part II of the Schedule for determinging.	66 Classification of lands for composition of Agricultural Income Tax etc:- (1) Lands used for Growing Commercial crops other than plantation crop shall be classified into 6 classes as specified in part II of the Schedule for d	Amendement of Section 66 occasioned due to the reason that the minimum extent of area under Commercial Crop is brought down to 30 acres in ter of 6th class of land as per the amended schedul It is also proposed to classify lands under Ga and Timber for purposes liability which is now available. (A doubt aro cases of Grapes and Mal and Cocoanut in determi the area as crop harves lasts throughout the ye The new law clears all these doubts.
For purposes of sub-Section (1), the total extent of land of any person shall be determined in terms of the eighth class of land in accordance with the formulla in Part II of the Schedule for determining the equivalent extents of lands of different classes.	66 (2) For purposes of sub-section (1), the total extent of land of any person shall be determined in terms of the Sixth class of land in accordance with the formula in Part II of the Schedule for determing the equivalanent extents of lands of different classes.	
(There is no explanation now under Section 66(3)).	66(3) Explanation.- For purposes of this Sec. in the caseof Crops, the crop shall be deemed to have been grown every time there is a harvest of such Crop.	

pursuance or such notice.

7. The Agricultural Income [redacted] Officer shall grant a receipt for any amou[redacted] paid in compliance with a notice is[redacted] under this Section and the person so p[redacted] shall be fully discharge from his li[redacted]lity to the Assessee to the extent of t[redacted]mount so paid.

8. Any person discharging [redacted] liabilities to the Assessee after recei[redacted] of the notice under this Section shall be [redacted]rsonally liable to the Agricultural Income [redacted] Officer to the extent of his own liability [redacted] the Assessee so discharged or to the ext[redacted] of the Assessee's liability for any sum due u[redacted]r this Act, whichever is less.

9. If the p rson to whom t[redacted] noticeunder this Section is sent fails to m[redacted] paymen in pursuance thereof to the Agric[redacted]tural Income Tax Officer, he shall be deeme[redacted] be an Assessee in the notice and further [redacted]eedings may be taken against him for the [redacted]lisation of the amount as if it were an ar[redacted]re of tax due from him in the manner provided [redacted] Section 42 and 43.

(3) Every application under sub-section (1) shall be submitted in such form, in such manner and within such time as may be prescribed.	67(3) Every application under sub-section (1) shall be submitted in such form, in such manner and within such time as may be prescribed; "Provided that in the case of an application received after the prescribed time the prescribed Officer may for reasons to be recorded in writing, condone the delay, on payment of such penalty, not exceeding Rs.10/- as he may specify. 67(6) ..... 67(7) Notwithstanding anything contained in the proceeding sub-section, if at any time within four years from the date of the order under sub-section (4), the Agricultural Income Tax Officer, comes to know that permission granted by him is erroneous, he may after giving the assessee a reasonable opportunity of being heard, cancel the permission granted, and proceed to assess the income of the Assessee to tax in accordance with the provision of this Act.	In case where ineligibilit is a ground for cancellatio composition, the present la does not permit the Agricul ral Income Tax Officer to cancel the composition orde and to compute the income. Hence, the proposal to canc his own order.

Composition of Agricultural Income Tax:- Any person who derives Agricultural income from land not exceeding one hundred and fifty acres in extent of eigth class of land or an extent equivalent thereto consisting of any one or more of the classes of land specified in part II of the Schedule may apply to the prescribed Officer for permission to compound the Agrucultural Income Tax and Supertax payable by him and to pay in lieu thereof a lumpsum at the rate specified in sub-section (2). The rate of lumpsum payable under sub-Section(1) shall be Rs.2/- per acre of eighth class of land.	67(1) Composition of Agricultural [redacted] Tax: Any person who derives Agricultural income from land, not exceeding [redacted] hundred and fifty acres in extent [redacted] sixth class of land or an extent [redacted] ivalent thereto consisting of any one [redacted] more of the Classes of land specified [redacted] Part II of the Schedule may apply [redacted] the prescribed Officer, for permission [redacted] to compound the Agricultural Income [redacted] and Super Tax payable by him and to [redacted] in lieu thereof a lumpsum at the rate specified in Sub-Section (2)	The composition rate was [redacted] prescribed about a decade ago. Since the rates of farm products have gone up by many folds, it is attempted to establish a close degree of relationship between income and holdings. This amendment is anticipated to yield some extra revenue.

A. Classification of lands

First class

Lands used for growing grapes.

Second class

Lands used for growing Areca.

Third Class

Lands used for growing chillies (irrigated), Ginger, Malbari (irrigated), Potato (irrigated) Sugarcane, Tobacco (Nippani and Vergenia) or Turmeric.

A. Classification of lands

First class

Lands used for growing Areca, Chillies (irrigated), Ganja Grapes, Plaintain (irrigated), potato (irrigated), sugarcane or timber.

Second Class

Lands used for growing Cocoanut Garlic (irrigated), Ginger, Onion (irrigated), Tobacco(Nipp or Vergenia) or Turmeric.

Third Class.

Lands used for growing Chillies irrigated), cotton(irrigated), (non-irrigated), Groundnut (irr Mulberry (irrigated), Onion (no gated), Potato (non-irrigated) Sesamum (Til).

(After Sec.67 there is no section as 67-A in the Act).

67-A Determination of extents in case of lands leased out: For the purpose of Sec. 66 and 67 in the case of lands which are leased to a permanent tenant on a fixed cash rent, entire extent of such land shall be deemed to be the extent of land from which such permanent tenant derives agricultural income.

Explanation: In this Section, the EXPRESSION "Permanent Tenant' shall have the same meaning as is assigned to it in the Mysore Land Reforms Act 1961 (Mysore Act 10 of 1962) for the time being in force.

-x-x-

-x-x-x-

(Class (ii) of the part I of the Schedule reads as follows:

(ii) Provided that no agricultural income tax shall be payable by a person who derives agricultural income from land not more than 50 acres of eighth class of land or an extent equivalent thereto consisting of any one or more of the classes of land specified in Part II.

(ii) provided that no agricultural income tax shall be payable to a person who derives Agricultural Income from land not more than thirty acres of Sixth Class of land or an extent equivalent thereto consisting of any one or more of the classes of land specified in part II.

i) The area under Forty Cocoanut shall be deemed to equal one acre

ii) The area under Four hundred ~~Areca~~ trees or four hundred Castor plants shall be deemed to be equal to one acre.

iii) The area under twenty Mango trees shall be deemed to be equal to one acre.

iv) The area under ~~twenty Mango~~ Six hundred plaintain trees shall be deemed to

Fifth Class

Lands used for growing tobacco (other than Nippani and Vergenia Tobacco)

Sixth Class.

Lands used for growing Mulberry (non-irrigated).

Seventh class.

Lands used for growing Mango.

Eighth class

Lands used for growing castor, Coriander, Cotton (non-irrigated) Groundnut, Karad, Mustard, Nigar or Sesasum. (Til).

Fifth Class

Lands used for grwoing Castor, Co or plaintain (non-irrigated).

Sixth Class

Lands used for growing all other cial crops.

The new proviso under the Schedule helps the officer to determine the area under crops or plants if any they are scattered, so that their income also will be taken into consideration to know the liability.

Formula for determining equibalent extent land of different classes.

Fifty acres of eighth class of land 25 acres of seventh class of land = 18 acres of Sixth class of land = 15 acres of fifth class of land = 12 acres of fourth class of land = six acres of third class of land= Five acres of second class of land = 3 acres of first class of land.

B. Formula for determining equiv extent of sland land of differen classesi

Thirty acres of sixth class of la 15 acres of fifth class of land = acres of forth class of land = 4 of third class land = 2 acres of class of land = one acre of first of land.

Provided that where plants or tre Areca, Castor, Cocoanut, Mango or tain are scattered or are grown a

First Rs.1,000 of total ıltural income.	Nil.
next Rs.3,000 of total ıltural income.	Three naye paise in the rupee.
next Rs.5,000 of total ıltural income.	Six naye paise in the rupee.
next Rs.5,000 of total ıltural income	Nine naye paise in the rupee.
next Rs.5,000 of total ltural income.	Twelve naye paise in the rupee.
next Rs.5,000 of total ıltural income.	Fifteen naye paise in the rupee.
next Rs.10,000 of total ıltural income.	Eighteen naye paise in the rupee.
next Rs.15,000 of total ltural income.	Twenty-one naye Paise in the rupee.
next Rs.50,000 of total ltural income.	Twenty-five naye paise in the rupee.
balance of total agri- ·al income.	Forty naye paise in the rupee.

d that no agricultural income-tax shall be payable -

n a total agricultural income which does not exceed housand five hundred rupees; or

y a person who derives agricultural income from land e than fifty acres of the eighth class of land or an equivalent thereto consisting of any one or more of ases of land specified in Part II.

he limit referred to in the above proviso shall be housand rupees in the case of every Hindu undivided or an Aliyasanthana family or Branch or a Marumakath or tarwahi including a Nambudiri family or any other overned by the law applicable to Nambudiris, which as at the end of the previous year the condition consists of at least five members:

rovided further that the agricultural income-tax shall in no case exceed one-half of the amount by he total agricultural income exceeds three thousand ndred rupees or seven thousand rupees, as the case

1 (PART I-A)
(See Section 2-A)

RATES OF SUPER TAX.

first Rs.25,000 of the agricultural income.	Nil
next Rs.25,000 of the agricultural income.	Nine naye paise in the rupee.

RATES OF CENTRAL INCOME TAX.

1. Where the total income does not exceed Rs.5,000/-.	5 per cent of the total income.
2. Where the total income exceeds Rs.5,000/- but does not exceed Rs.10,000/-.	Rs.250 plus 10 per cent of the amount by which the total income exceeds Rs.5,000/-.
3. Where the total income exceeds Rs.10,000/- but does not exceed Rs.15,000/-.	Rs.750 plus 15 per cent of the amount by which the total income exceeds Rs.10,000/-.
4. Where the total income exceeds Rs.15,000/- but does not exceed Rs.20,000/-.	Rs.1,500 plus 20 per cent of the amount by which the total income exceeds Rs.15,000/-.
5. Where the total income exceeds Rs.20,000/- but does not exceed Rs.25,000/-.	Rs.2,500/- plus 30 per cent of the amount by which the total income exceeds Rs.20,000/-.
6. Where the total income exceeds Rs.25,000/- but does not exceed Rs.30,000/-.	Rs.4,000/- plus 40 per cent of the amount by which the total income exceeds Rs.25,000/-.
7. Where the total income exceeds Rs.30,000/- but does not exceed Rs.50,000/-.	Rs.6,000/- plus 50 per cent of the amount by which the total income exceeds Rs.30,000/-.
8. Where the total income exceeds Rs.50,000/- but does not exceed Rs.70,000/-.	Rs.16,000/- plus 60 per cent of the amount by which the total income exceeds Rs.50,000/-.
9. Where the total income exceeds Rs.70,000/- but does not exceeds Rs.1,00,000/-.	Rs.28,000/- plus 65 per cent of the amount by which the total income exceeds Rs.70,000/-.
0. Where the total income exceeds Rs.1,00,000/- but does not exceed Rs.1,50,000/-.	Rs.47,500/- plus 70 per cent of the amount by which the total income exceeds Rs.1,00,000/-
1. Where the total income exceeds Rs.1,50,000/-.	Rs.1,82,500 plus 75 per cent of the amount by which the total income exceeds Rs.1,50,000/-.